FORMULATION OF THE 1990 FARM BILL

(Food Stamp and Commodity Distribution Programs)

HEARINGS

BEFORE THE

SUBCOMMITTEE ON DOMESTIC MARKETING, CONSUMER RELATIONS, AND NUTRITION

OF THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIRST CONGRESS

FIRST AND SECOND SESSIONS

SEPTEMBER 8, 1989, ATLANTA, GA
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FORMULATION OF THE 1990 FARM BILL

(Food Stamp Program)

FRIDAY, SEPTEMBER 8, 1989

House of Representatives,
Subcommittee on Domestic Marketing,
Consumer Relations, and Nutrition,
Committee on Agriculture,
Atlanta, GA.

The subcommittee met, pursuant to notice at 9:30 a.m., in room 506, Legislative Office Building, 18 Capitol Square, Atlanta, GA, Hon. Charles Hatcher (chairman of the subcommittee) presiding.

Present: Representative Emerson.

Staff present: Julia M. Paradis, Dean Mitchell, Xavier Equihua, and Lynn Gallagher.

OPENING STATEMENT OF HON. CHARLES HATCHER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. **Hatcher**. The hearing will come to order.

I would like to welcome all of you to this first hearing of our subcommittee on reauthorization of the Food Stamp Program in the 1990 farm bill. I am Charles Hatcher, chairman of the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition.

I would like to thank Congressman Emerson for being here for the hearing today.

All of us have an important and challenging job ahead of us in developing the nutrition title of the 1990 farm bill, and I appreciate having you on the subcommittee with the experience that you have had in the area.

I understand that many of the people who will testify today have traveled some distance to be here. I would like to thank you for that. With your testimony, we will begin to develop a record today that will be helpful we hope to the subcommittee in its upcoming work to improve the Food Stamp Program

I chose Atlanta as the location for this subcommittee hearing because it is an urban setting in the heart of rural America, and I know that the people of Georgia and Atlanta care about those less fortunate who need a helping hand. Those of us who come from rural communities in Georgia and elsewhere, where producers work hard to provide food for the people of the country, do not want people anywhere to go hungry.

The Agriculture Committee has recently heard testimony that 8 million more Americans were poor in 1987 than in 1978. Not only are there more poor families now, but the poor have grown even poorer in recent years. The amount by which the income of the average poor family falls below the poverty line was greater in 1987 than in any year since 1962, after adjustment for inflation.

Obviously, hunger has increased as poverty has increased. Soup kitchens and food pantries have never been busier. We need to understand why there are increasing levels of hunger during this period of economic recovery. I am hopeful that these subcommittee hearings will explain this phenomenon to us, and suggest ways to begin to reduce levels of hunger. Because the Food Stamp Program is the Nation's primary hunger prevention program, we must do all we can to assure that it is meeting the needs of hungry Americans. I welcome the opportunity presented by the need to reauthorize the Food Stamp Program. I want to make sure that the Food Stamp Act maximizes the potential for the program to provide every needy American a nutritionally adequate diet.

I am also hopeful that we can learn over the next several months just how the Food Stamp Program can be improved to operate more efficiently. We are very much aware that the administration of the program is complicated and often not efficient. This complexity results in reduced participation rates and higher than necessary costs for the States and the Federal Government. The focus of this hearing today is the actual operation of the program. I am looking forward this morning to the testimony of administrators and recipients outlining their concerns with respect to how the program actually works and how it could be changed to make it more effective and efficient.

Before I turn the microphone over to Bill Emerson, I would like to thank the staff of Georgia's commissioner of the department of human resources for all their help in making the arrangements here in Atlanta for this field hearing. Their assistance has been invaluable and greatly contributed to what I am sure will be an instructive and informative hearing.

Congressman Bill Emerson from Missouri, do you have an opening statement?

OPENING STATEMENT OF HON. BILL EMERSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI

Mr. EMERSON. Yes. Thank you, Mr. Chairman. I am very pleased to be able to participate in this our first subcommittee hearing on the 1990 farm bill here in Atlanta—your home State. We are delighted to be here with you, Charlie, on this occasion. I look forward to the opportunity for the subcommittee to travel out of Washington and to hold hearings on the subjects under the jurisdiction of our subcommittee. It is very often through the field hearings—hearings of this type that we are having here today—that the subcommittee learns first hand of the issues that are most important to the people in need of food stamps and of those operating the assistance programs at the front line.

The purpose of today's hearing is to review the Food Stamp Program and how it operates here in Georgia. I have often found that when we pass laws in the Congress we, at times, do not adequately assess the impact these changes in laws have on the families receiving benefits and those administering the programs. Field hearings do give us an opportunity to accomplish this and, I hope, that in the process we improve the programs.

I think it is important for the subcommittee to review the USDA food assistance programs and to make sure that needy families across the country have access to these programs. I represent a very rural district and I know there are many unique problems that arise, particularly relating to transportation and the general availability of food assistance programs.

I firmly believe that in our Nation of abundance, it is a tragedy for one child, one elderly person, or anyone to go hungry. We are a generous country. If the programs that now operate do not provide the necessary help that is intended, we have to know why.

The mainstay of feeding programs is the Food Stamp Program. Over $13.5 billion is anticipated to be spent on the Food Stamp Program this year, as compared with $9 billion that was spent back at the beginning of this decade in 1980. Overall USDA food assistance program funding is anticipated to be almost $22 billion this year.

Just last year the Congress passed and the President signed the Hunger Prevention Act of 1988. That law represents a bipartisan approach to providing nutrition assistance to needy families. Most important, the law adopted the basic approach adopted by the Agriculture Committee—that additional assistance be provided without further complicating already complicated programs. Of the $3 billion cost of the Hunger Prevention Act, the large majority went directly into additional benefits for needy families—both for food stamp benefits and for commodity assistance through the Temporary Emergency Food Assistance Program.

The importance of the Food Stamp Program cannot be stressed enough. As I have said earlier, it is the mainstay of the Federal food assistance programs. It does not, however, reach all potentially eligible participants. This I believe is an extremely important issue that we have to talk about.

The General Accounting Office has done extensive studies of the reasons for potentially eligible families failure to participate in the Food Stamp Program. The numbers differ from study to study as to how many families who, in fact may be eligible for benefits, fail to apply for and receive food stamps. Whatever the study, it is a large figure and it is one that has not changed significantly over the past 10 years. Some families do not care to apply for benefits—some think they are not eligible—some do not want to face the complex application procedure. GAO found that in both 1979 and in 1986, over 70 percent of families estimated to be eligible for benefits—who do not participate—did not try to obtain benefits. The reason most often cited is that they did not need benefits. Next, that they were concerned about the administrative hassles presented by the application process.

What can we do about the failure to apply for benefits by families that are potentially eligible? The Hunger Prevention Act provides one mechanism, and that is outreach. That act allows States to conduct programs aimed at informing needy individuals and families about the availability, what the eligibility requirements are, application procedures, and the benefits of the Food Stamp Program. States will receive from the Federal Government half of the cost of the outreach activities under the Hunger Prevention Act.

We in the Congress have to do all that we can in my judgment to simplify the Food Stamp Program. I am looking at the Administrators from the Department of Agriculture here. They write the regulations, we write the laws, but I am greatly interested in simplification. This is one of the reasons most frequently cited for not participating in the program.

The reauthorization of the Food Stamp Program comes up next year and is going to be a part of the 1990 farm bill. This is going to give us the opportunity to simplify the program rules and the application procedures. I hope that we will seize this opportunity. This gives me the opportunity to mention what I consider to be an extremely important subject—and that is what I call one-stop shopping. You all know that the Federal Government operates a multitude of assistance programs, 95 different programs, at last count, designed to be of help to people in need. Now, they are under the jurisdiction of a whole variety of committees of the Congress, and a whole bunch of Federal agencies, different State and local agencies. Some of the disparity is appropriate because of the nature of the different programs. However, for major income and food assistance programs, this lack of coordination and resolution of the differences among programs is very, very troublesome to me.

When a family is in need of help, that need often crosses program lines. Need for income assistance often means a need for food assistance, for housing assistance and for some, job training, transportation assistance, health assistance. The hurdles that families have to scale in applying for help are simply immense. They often have to go to different agencies, meet different eligibility standards, and abide by different rules and regulations. That they are able to receive help is often a reflection of their abilities, rather than the system that is presented to them to cope with.

Administrators of these programs—both on the state and local levels—have similar problems. The resolution of the differences is often not within their ability to achieve. Many efforts have been made by States but they may have gone as far as they can go. That is sort of where we are now. We have had some welfare reform proposals and I believe that the Welfare Reform Act that Congress passed last year was a good first step in reforming the system, but I believe that is exactly what it was, a good first step. Nevertheless, I want to see a true reform. I want us to provide benefits to needy people in a coordinated and simplified way and to also provide employment and training to able-bodied participants. We have to maintain programs for those who are aged or disabled, but we also have to simplify the programs that we have and provide a method to make taxpayers out of those able-bodied people who are now in need of help.

I hope that our witnesses will respond to the issues that I have raised and will tell the subcommittee how we can ensure that the Food Stamp Program can help all those who qualify, who are eligible, and who wish to apply for benefits and also, how we can simplify the program so that benefits can be delivered in the most effective and efficient manner.

Thank you, Mr. Chairman, for your indulgence in letting me take that time but inasmuch as this is our first field hearing, I wanted to take a little more time than I ordinarily would to describe what I see as the parameters of our mission as we approach the 1990 farm bill and the reauthorization of these valuable food assistance programs.

[The prepared statement of Mr. Emerson follows:]

Statement of the Honorable Bill Emerson

Ranking Minority Member
Subcommittee on Domestic Marketing,
Consumer Relations and Nutrition
Committee on Agriculture

Atlanta, Georgia

September 8, 1989

Thank you Mr. Chairman. I am pleased to be able to participate in our first Subcommittee hearing on the 1990 Farm Bill in Atlanta, Georgia----our Chairman's home state. I look forward to the opportunity for the Subcommittee to travel out of Washington to hold hearings on the subjects under the jurisdiction of our Subcommittee. It is often through field hearings of this type that the Subcommittee learns first hand of the issues that are most important to the people in need of food stamps and those operating the assistance programs at the front line.

The purpose of today's hearing is to review the food stamp program and how it operates here in Georgia. I have often found that when we pass laws in the Congress we, at times, do not adequately assess the impact these changes in laws have on the families receiving benefits and those administering the programs. Field hearings give us an opportunity to accomplish this and, I hope, improve the programs.

I believe that it is important for the Subcommittee to review the USDA food assistance programs and to make sure that needy families across the United States have access to these programs. I represent a rural district and I know there are many unique problems that arise, particularly relating to transportation and the availability of food assistance programs.

I firmly believe that in our nation of abundance, it is a tragedy for one child, one elderly person, or anyone to go hungry. We are a generous country. If the programs that now operate do not provide the necessary help, we must know why.

The mainstay of feeding programs is the food stamp program. Over $13.5 billion is anticipated to be spent on the food stamp program this year, as compared to the $9 billion spent in 1980. Overall USDA food assistance program funding is anticipated to be almost $22 billion this year.

Just last year the Congress passed and the President signed the Hunger Prevention Act of 1988. That law represents a bipartisan approach to providing nutrition assistance to needy families. Most important, the law adopted the basic approach adopted by the Agriculture Committee---that additional assistance be provided without further complicating already complicated programs. Of the three billion dollar cost of the Hunger Prevention Act, the large majority went directly into additional benefits for needy families----both for food stamp benefits and for commodity assistance through the Temporary Emergency Food Assistance Program.

The importance of the food stamp program cannot be stressed enough. As I said earlier, it is the mainstay of federal food assistance programs. It does not, however, reach all potentially eligible participants. This I believe is an extremely important issue to be discussed.

The General Accounting Office has done extensive studies of the reasons for potentially eligible families failure to participate in the food stamp program. The numbers differ from study to study as to how many families who, in fact may be eligible for benefits, fail to apply for and receive food stamps. Whatever the study, it is a large figure and it is one that has not changed significantly over the past ten years. Some families do not care to apply for benefits---some think they are not eligible---some do not want to face the complex application procedure. GAO found that in both 1979 and in 1986, over 70% of families estimated to be eligible for benefits--who do not participate--did not try to obtain benefits. The reason most often cited is that they did not need benefits---next--that they were concerned about the administrative hassles presented by the application process.

What can we do about this failure to apply for benefits by potentially eligible families? The Hunger Prevention Act does provide one mechanism and that is outreach. The Act allows states to conduct programs aimed at informing needy individuals and families about the availability, eligibility requirements, application procedures and the benefits of the food stamp program. States will receive from the federal government one half of the cost of outreach activities.

This is where I believe states can be creative is designing outreach or informational programs for the food stamp program. They should tailor the programs to the specific needs of their state and the potential participants within the state. States should use data available to find out who is not participating---Is it the elderly?---Is it families with children?---Is it certain income groups? Tailor the state programs to fit the needs of the state, rather than a blanket approach.

We in the Congress must do all we can to simplify the food stamp program---since this is one of the reasons cited for not participating. The reauthorization of the food stamp program comes up next year and will be a part of the 1990 Farm Bill. This presents an opportunity for simplification of program rules and the application procedure. I hope we will seize this opportunity.

This gives me the opportunity to discuss what I consider to be an extremely important subject---one-stop-shopping. You all know that the federal government operates a multitude of assistance programs, 95 different programs. They are under the jurisdiction of several committees of the Congress, several federal agencies and in some cases, different state and local agencies. Some of this disparity is appropriate, because of the nature of the different programs. However, for major income and food assistance programs, this lack of coordination and resolution of the differences among programs is extremely troublesome.

When a family is in need of help, that need often crosses program lines. Need for income assistance often means a need for food assistance, for housing assistance and for some, help in finding and keeping a job. The hurdles that families must scale in applying for help are immense. They often must go to different agencies, meet different eligibility standards and abide by different rules and regulations. That they are able to receive help is often a reflection of their abilities, rather than the system presented to them.

Administrators of these programs---both on the state and local levels---have similar problems. The resolution of the differences is often not within their ability to achieve. Many efforts have been made by states but they may have gone as far as they can go. That is where we are now. We have had some welfare reform proposals and I believe that the Welfare Reform Act was a good first step in reforming the system. Nevertheless, I would like to see a true reform---provide benefits to needy people in a coordinated and simplified program and also provide employment and training to able-bodied participants. We must maintain programs for those who are aged or disabled but we also must simplify the programs we have and provide a method to make taxpayers of those able-bodied people now in need of help.

I hope our witnesses will respond to the issues I have raised and will tell the subcommittee how we can ensure that the food stamp program can help all eligible families who wish to apply for benefits and also to simplify the program so that benefits can be delivered in the most effective and efficient manner.

Thank you Mr. Chairman.

Mr. **Hatcher**. Thank you very much, Bill.

Our first witness this morning is Ms. Brenda Lovett, who is a citizen of Atlanta and a constituent of Congressman John Lewis I believe. We had hoped that Congressman Lewis would be here. He had planned to accompany Ms. Lovett and to make a statement of his own but he was unable to be here because of a conflict in scheduling and Ms. Linda Samuel from his office I believe here in Atlanta is accompanying Ms. Lovett. Mr. Lewis' statement will be placed in the record at this point.

[The statement of Mr. Lewis follows:]

JOHN LEWIS
5TH DISTRICT, GEORGIA

WHIP AT LARGE

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SUBCOMMITTEES:
AVIATION
PUBLIC BUILDINGS AND GROUNDS
SURFACE TRANSPORTATION

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FOOD STAMP HEARING

ATLANTA, GEORGIA
SEPTEMBER 8, 1989

Mr. Chairman and Members of the Subcommittee, I would like to thank you for inviting me to your hearing today to receive testimony on our nation's food stamp program. I welcome you to the Fifth Congressional District and the City of Atlanta. And, I would like to commend you for your leadership and foresight in calling this hearing on this important issue.

Mr. Chairman, people in this country are not hungry because our nation lacks sufficient resources to feed them. People are hungry because our nation lacks an adequate system for distributing its food resources. We are blessed with rich farmlands and farmers dedicated to providing food for our people. Despite our nation's wealth and prosperity, many of our people continue to go hungry.

Many eligible food stamp recipients are not beneficiaries of the system. I hope that the testimony we hear today will enable us to break down many of the barriers within the program that keep eligible participants from participating.

Mr. Chairman, I would like to introduce one of my constituents, Ms. Brenda Lovett. Ms. Lovett is a parent in need of assistance under the food stamp program. She has been asked to testify today to illustrate just one of the barriers that prevents people from getting the assistance they need.

Mr. **Hatcher**. Ms. Lovett, we appreciate you being here. We look forward to your testimony.

You have a written statement I believe and it will be made a part of the record in its entirety. You are free to read it or proceed however you feel most comfortable.

STATEMENT OF BRENDA LOVETT, FOOD STAMP APPLICANT, ATLANTA, GA

Ms. **Lovett**. Good morning, and thank you for the opportunity to address the subcommittee. I am here because I was recently denied food stamps because the value of my automobile placed me over the program's resource limit. This resource limit was based on the value of a car that I could not sell, could not eat, could not even make the payments on.

In full realization of my circumstances, I had a child to feed, insufficient income to maintain my household, and no foreseeable change in my income. I was repeatedly given the same answer of no.

I was told to go to a social service organization for help. About 1 month before applying for food stamps, I had gone to such an organization for financial aid as well as for food. The food I was given contained no dairy products, no fresh meat, fruits, or vegetables. I was able to prepare nonnutritious meals for my son but as I have a spastic colon I could not eat most of the food they gave me. So at that point being unable to at least feed my son, I had to send him to his grandparents in Ohio until I could do better.

At that point, I wanted to find out who was responsible for this law. How could a person be denied food based on the value of a car. Why was I watching refugees come into our country and receive aid tax free when the Americans who support the economy and pay taxes could be denied an essential element of life such as food.

When you apply for government aid, you are basically going to your last resource and to have that government use the excuse of the value of a car over the need for food is, to me, inhuman.

It is very hard to listen to me tell you my plight and feel what I felt. I think it would be wonderful if the rest of the people who were left to suffer because of this law were sitting here with me now, the ones of us who survived and the ones who did not. The ones who went to the grocery store to steal food and did not make it out ended up in jail.

I think that if at the end of these hearings, you do not see the need to change the food stamp laws, then I would suggest that you try working 10 hours a day on an empty stomach, do your weekly grocery shopping with $3, and at the end of those 3 or 4 weeks, go out and look at your car and then go in and look in the mirror and see if you feel the same way.

[The prepared statement of Ms. Lovett appears at the conclusion of the hearing.]

Mr. **Hatcher**. Thank you, Ms. Lovett.

Were you denied food stamps solely because of the fact that you owned an automobile?

Ms. **Lovett**. Yes.

Mr. **Hatcher**. Did you have much equity in the automobile?

Ms. LOVETT. No, it is a 1988 car.

Mr. HATCHER. And you have a bank note or something secured by the car, is that correct, when you bought the car? In other words, you owed for the car?

Ms. LOVETT. I had gotten a loan through Ford, through the car dealership.

Mr. HATCHER. Well, did you owe a lot less than the car was worth, or did you owe as much as the car was worth? Do you have any idea?

Ms. LOVETT. More than the car was worth.

Mr. HATCHER. So you did not really have an asset there, you did not have any equity at all?

Ms. LOVETT. No equity.

Mr. HATCHER. Well, certainly as we consider reauthorization of the Food Stamp Program, one of the issues that we will be looking at is the question of the vehicle limitation and your testimony is very timely in that regard and I appreciate you making an effort to be here.

Mr. Emerson, do you have any questions?

Mr. EMERSON. First, to say that the vehicle limitation has always been a troublesome thing. We have to legislate to national standards. We cannot write laws that necessarily fit everyone's individual circumstances and very often things are structured in such a way that someone does fall through the cracks, although we do not intend that it be that way. So I think we do have to look at this problem and see what we can do to prevent people like you from being denied access to the program.

I would ask you though in your search for assistance before you were able to connect with Congressman Lewis' staff who helped you, did you seek assistance from a food pantry or any other emergency feeding program for yourself and your children?

Ms. LOVETT. I went to one before I applied to the Food Stamp Program. They gave me about two or three bags of food. As I said, it was mostly dry goods or canned goods and I could give those things to my son. They were not nutritious, there was no fresh meats, no fruits, no vegetables. But I could not eat it myself personally. I could not digest those types of foods.

Mr. EMERSON. I represent a very rural area and there somehow seems to be in small towns and rural areas an apparatus through which people know when somebody in the neighborhood needs some help. Neighbors go out and help neighbors. I realize the complications of urban life are such that they do not necessarily lend themselves to neighbors knowing about neighbors who are in trouble. People live in big apartment buildings and do not necessarily know the comings and goings and the plights of people who live around them. But in your experience living here in a metropolitan area, what about the role of the churches? Was there not a private sector entity to which you could turn for help?

Ms. LOVETT. I had gone to a church for help in getting financial aid to help pay my rent. The telephone book is full of social service organizations and when I called them, they basically send you to one that is in your area. They go by your zip code and then determine which one you should go to. There are just so many people out there needing help that they just could not take—I could not go from here across town to get aid, I have to go to what was in my area.

Mr. **Emerson**. Thank you very much.

Mr. **Hatcher**. Again, thank you for being here and thank you for your testimony.

Ms. **Lovett**. Thank you.

Mr. **Hatcher**. Our next witness is Mr. G. Scott Dunn, who is Acting Administrator, Food and Nutrition Service for the USDA in Washington. I would like to welcome you, Mr. Dunn. Good to see you again. We look forward to your testimony.

STATEMENT OF G. SCOTT DUNN, ACTING ADMINISTRATOR, FOOD AND NUTRITION SERVICE, U.S. DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY BONNIE O'NEIL, ACTING DEPUTY ADMINISTRATOR, FOOD STAMP PROGRAM, AND VIRGIL CONRAD, ADMINISTRATOR, SOUTHEAST REGIONAL OFFICE

Mr. **Dunn**. Thank you. Thank you very much, Mr. Chairman, Mr. Emerson. It is a pleasure to be here in Atlanta this morning. Accompanying me this morning are Ms. Bonnie O'Neil, Acting Deputy Administrator for the Food Stamp Program, and the Administrator of our Southeast Regional Office, Mr. Virgil Conrad, who is with me here this morning. We are especially pleased to be able to be here this morning to talk about the reauthorization of the Food Stamp Program as we enter in the 1990 farm bill process.

The reauthorization process provides us with an excellent forum for considering ways to make the operation of the Food Stamp Program more effective and responsive to the needs of participants, potential participants, and program administrators.

This morning we are going to talk about the operational side—how we can best administer the program from the Federal, State, and local levels so that it is well-managed, efficient, and readily accessible to those who need it.

We at the Federal level share the desire of State and local program managers to minimize the administrative complexities of the program.

In compliance with the Hunger Prevention Act, we are working to establish a procedure for assisting state agencies in developing applications for food stamps that are as simple and as brief as possible. The Food and Nutrition Service, as part of its continuing review of program operations, is looking at the overall application process.

We are also looking at the electronic benefit transfer technology to see if it can improve the administrative efficiency of the issuance process in a cost-effective way. We have had a project ongoing in Reading, Pennsylvania for some time that showed that pilot project was well received by recipients, food retailers, banks, and local welfare agency staff. Recipients found the EBT system easier to use than coupons and more than 70 percent preferred it to the coupon system.

We are now looking at ways in which we can reduce the cost of EBT, which is considerably more expensive than a paper coupon system but a system that can integrate commercial systems and is combined with other assistance programs, such as AFDC, may hold the key to cost reduction, so we have awarded cooperative agreements to projects in three States to operate integrated, on-line EBT demonstrations beginning in 1990. We are eager to see if these demonstrations have the potential to reduce current issuance costs and improve accountability and security while maintaining or improving service to recipients.

Since the reauthorization of the Food Stamp Program in the Food Security Act of 1985, Congress has approved 19 different pieces of legislation that have changed the program. That number and the frequency of these changes provide all who administer the program with a continuous challenge and indicate why program "simplification" remains so elusive.

Recent legislative action has sought to ease the administrative burdens on State and local agencies while simultaneously expanding eligibility and ensuring accessibility and an adequate level of benefits for recipients. At the same time, the Federal budget deficit has made it crucial to contain program costs. We expect that the cost of the Food Stamp Program will be about $13 billion this year.

USDA has submitted legislative proposals to the Congress to modify several provisions contained in the Hunger Prevention Act as well as recommend some other changes to improve Food Stamp Program operations.

For example, the Hunger Prevention Act requires State agencies to use prospective budgeting—that is, anticipated future income—in computing the income of any nonmonthly reporting households.

And some of the things that we will be talking about here this morning serve as good examples of just how complex and difficult it can be to not only write the laws but to put those into regulations at the Federal level and then have the States interpret those regulations and on down to the local offices. This is one example of an area that gets rather complex among many that are in the Food Stamp Program and that is in this area of monthly reporting and retrospective budgeting.

Prior to the implementation of the Hunger Prevention Act last fall, States had the option of using either a prospective or retrospective budgeting system for nonmonthly reporting households not statutorily exempt from both monthly reporting and retrospective budgeting. We propose giving States that option again to use retrospective budgeting for households that are not monthly reporters.

Many States prefer retrospective budgeting, some because it contributes to greater food stamp AFDC conformity, others because they feel it provides more accurate income figures. This is an issue that we have heard, appropriately so, quite a bit from the States on this particular matter. Many States in their AFDC system use retrospective budgeting in their AFDC Program. They were using it in the Food Stamp Program. Then when the change came in the Hunger Prevention Act, they could not use that, the Food Stamp Program, and they had a split there between AFDC and food stamps which again does not lead to conformity between those two programs.

Another area that we wanted to mention was that the Food Security Act of 1985 required all State agencies to establish an employment and training program for food stamp work registrants and others who may volunteer to participate. The intent of the E&T program is to assist members of households participating in the Food Stamp Program in gaining skills, training, or experience that will increase their ability to obtain regular employment. The program has been operating since April 1, 1987.

Last year, the Hunger Prevention Act required USDA to develop outcome-based performance standards for State agencies by April 1, 1991.

We believe that this deadline does not provide USDA or the people that the Department is required to consult with sufficient time at the beginning of the development process to collect State-level data and analyze the effects of different State economic and demographic characteristics on outcomes. It also does not provide sufficient lead time before implementation of the standards for States to set up the data collection and reporting systems to track the performance based on these measures or to plan modifications to their E&T delivery systems to come into compliance with the new outcome-based standards.

And we believe to develop meaningful and fair standards for the States and allow for State implementation and adjustment, we have proposed extending the timeframes both for collecting the information and for establishing standards that reflect differences between the States. Accordingly, we propose that data collection begin by October 1, 1990 and that the outcome-based standards be in place by October 1, 1993. These dates are more consistent with the legislated timeframes for developing outcome-based performance standards for the Aid to Families with Dependent Children JOBS Program and the schedule applied in the Job Training Partnership Act where data collection and analysis preceded the development of the new JTPA standards.

Another legislative change related to employment and training that is needed to make program rules more consistent is the "head of household" definition. This is another change along with the monthly reporting, the vehicle tests, and so forth that is a very complex area. We have made suggestions for how that can be simplified.

Mr. Chairman, I hope that the committee will give serious consideration and adopt the legislative recommendations that the Department has presented to the Congress, and the Department and your committee share a common commitment to provide food assistance to all low-income Americans in need of it and we look forward to working with you, and Mr. Emerson, and the other members of this committee over the coming months to further this goal.

We would be happy to answer any questions that you or Mr. Emerson may have. Thank you.

[The prepared statement of Mr. Dunn appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you for being here, Mr. Dunn. I appreciate you coming down from Washington and I understand that perhaps this afternoon you will be visiting the Atlanta Community Food Bank to see how Bill Boling and all the good folks over there are serving the poor and hungry of Atlanta.

Mr. DUNN. Yes, sir.

Mr. **Hatcher**. I am glad this field hearing will provide you with that opportunity.

Mr. **Dunn**. Yes, sir.

Mr. **Hatcher**. You heard the prior witness, Ms. Lovett, and I wanted to ask you about the vehicle test. I am fairly new to the subcommittee and have not been intimately involved in food stamp legislation until this Congress. I suppose that the vehicle test is so severe because of maybe the "welfare Cadillac" term that we have throughout the country. People come down to get their food stamps in their Cadillac and that sort of thing, and I am sure that Members of Congress have reacted to that, and perhaps that is what has contributed to the test. But is it true that even if a person like Ms. Lovett has no equity in the vehicle, she would be barred from receiving food stamps simply because she had legal title to the automobile?

Mr. **Dunn**. The vehicle test is one of the most complex areas in the Food Stamp Program as a whole to put into effect. It takes up many pages of the Federal Register to explain it and go through it. Basically, there are two tests involved in determining a vehicle's—whether it meets the vehicle test—that is a fair market test and then an equity test.

The current standard for the vehicle limitation is $4,500. On top of that, can be added the general asset limitation which is $2,000 for nonelderly households and $3,000 for those households containing an elderly member. So if a household had no other assets, the $4,500 could be added to the $2,000 limit to have a $6,500 cap. There are those two tests, the fair market test and the equity test that—there is a series of steps that one goes through to determine whether they meet those criteria. There are certain exceptions for not counting those vehicles in either of those two tests but there is a fair market test to the program that could lead to the situation that we just heard.

Mr. **Hatcher**. Well, more specifically let us assume that a prospective recipient or applicant has a vehicle worth $7,000 and they owe Ford Motor Credit $8,000. They not only have no equity, they have negative equity of $1,000. How does that figure into the application?

Mr. **Dunn**. Since it would be over the $4,500 or $6,500 limit, it would be a disqualifying item.

Mr. **Hatcher**. Even though they owed not just what the vehicle was worth but even more than the vehicle was worth?

Mr. **Dunn**. Yes, sir.

Mr. **Hatcher**. I recently have held some town meetings during the August district work period and at a couple of places the question of college students living in the home of food stamp recipients came up. I know there has been some changes over the last few years about college students. What is the rule now, not where the college student is head of the household but where the family is receiving food stamps and one of the children finishes high school and enters college, how does that affect their eligibility?

Mr. **Dunn**. If they would be in higher education more than half time, they would not be eligible to be in the Food Stamp Program.

Mr. **Hatcher**. The individual, not the family but the individual?

Mr. **Dunn**. Yes, sir, that is right. There are provisions for when there are college students who have children or if they are otherwise employed, up to 20 hours a week I believe it is that they could be eligible but as far as living with the parents, unless they were in attendance less than half time, they would be not eligible.

Mr. **Hatcher**. With respect to EBS—I mean EBT or electronic benefit transfer, can you tell us if plans for the three EBT demonstrations have been approved by FNS or when you expect them to be approved?

Mr. **Dunn**. We are working with the State agencies to further the development and implementation of those plans. They have not been implemented yet. We hope to be able to have them approved and begin operations early in 1990.

Mr. **Hatcher**. Thank you. Mr. Emerson.

Mr. **Emerson**. Thank you, Mr. Chairman. Mr. Dunn, the Food Stamp Program provides benefits to many needy families. The cost of this program for 1989 is estimated to be over $13.5 billion as compared to approximately $9 billion, a little more than $9 billion in 1980. Yet there are a significant number of people in this country who do not participate in the Food Stamp Program. What, in your view, is the reason for that and how would you propose addressing that problem?

Mr. **Dunn**. Mr. Emerson, there are probably as many reasons as there are persons for why people do not participate in the program. We have almost 19 million people in any given month that do participate in the program and somewhere around 28 to 30 million people over the course of the year participate in the Food Stamp Program which is about 1 out of 8 Americans. About two-thirds of all eligible persons participate which is a higher percentage than any other Federal assistance programs that we have. Nonetheless, there are those who for many different reasons choose not to avail themselves of the program's benefits.

We often hear about the complexity of the program and barriers to participation. We have endeavored as has the Congress, of course, with the passage of the act last year, to reduce some of those complexities and to make the program more accessible to those in need.

What we are finding as we take a look at this issue as well though unfortunately is that the two goals, program simplification and special targeting or directing benefits to particular groups or particular parts of the population are in conflict because by specifically targeting the program to more and more people and more and more parts of it, that makes the program more complex. And those are two very difficult goals to try and address simultaneously. And that is something that we are taking a look at at the Department as part of our 1990 farm bill process ourselves, to try and address those goals.

Mr. **Emerson**. As you are assessing this situation, what are you finding in urban areas and in rural areas separately? I realize there would be some barriers that would be applicable to both, but what are you finding to be the major barriers in urban areas to participation and what are the major barriers in rural areas? What are uniquely urban problems and what are uniquely rural problems in terms of participation?

Mr. **Dunn**. Oftentimes in the rural situation what we hear about, of course, are some transportation difficulties, getting to the offices or having the verification done. What we have tried to do is to minimize that by allowing mail forms, applications forms, telephone verifications where appropriate and the mailing of benefits to participants or to authorize a representative in certain situations to try and minimize those kinds of distance problems or other logistical situations that can arise to prevent someone from going into the office.

In terms of the urban situation, many times it can be some of the same issues for different reasons. Transportation oftentimes can be sometimes as difficult in an urban setting as it can be in a rural setting and so we find that we hear many of the same kinds of issues being raised.

Mr. **Emerson**. Are there any particular initiatives being taken by the States to address these problems of participation?

Mr. **Dunn**. We do have, as was mentioned, the outreach efforts that will begin and we are starting to see some interest although admittedly not a great deal in terms of getting outreach information and be made available, but I think that there is a good awareness on the part of the State and local agencies who are in a far better position than the Federal Government is, I think, in terms of knowing what the needs of the populations in their States are as how to address serving those participants or potential participants.

Mr. **Emerson**. I know that the Food and Nutrition Service in cooperating with the Ad Council to provide nutrition information to food stamp participants. Would you describe that program for us and tell us whether or not the States are using similar techniques to inform needy families about the Food Stamp Program? And also, this is a voluntary program is it not, with the Ad Council?

Mr. **Dunn**. Yes, sir.

Mr. **Emerson**. It is not a matter of Federal funding? It is a cooperative public service undertaking?

Mr. **Dunn**. Yes, sir. We have collaborated with the Ad Council for several years now on a campaign to make information available at local food stamp and welfare offices to make low-income Americans aware as to what kind of foods that can be bought that will go and stretch their food stamps the farthest. And this is something that we have worked with the Ad Council on and have printed brochures that have been made available to the State agencies and then down to the local offices and the Ad Council is airing public service announcements on radio, television, billboards, and so forth, and it has worked out rather well. And we have printed a significant number of pamphlets in English and Spanish as well to be made available and that is working very well.

I might just also mention on the question of making people aware of the program and so forth, we are not there yet in terms of conformity and its perfection with the AFDC Program or some of the other Federal programs which is something that we are still interested in doing and have a ways to go.

However, in line with your interest in one-stop shopping, we do have the programs now where we have categorical eligibility between AFDC and food stamps at the Social Security Offices which are Federal offices where people can apply for either social security or supplemental security income. Those offices have available and can take food stamp applications. Our other programs that the Department administers such as the Special Supplemental Food Program for women, infants, and children. There again that is targeted to a specific group of persons but can oftentimes be the same people who would be in need of food stamps and then be referred to a food stamp office or a welfare office for assistance as well. So we are hopefully moving toward that goal.

Mr. EMERSON. Thank you.

Thank you, Mr. Chairman.

Mr. HATCHER. Thank you, Mr. Dunn. Ms. O'Neil and Ms. Conrad, thank you for being here.

Mr. DUNN. We appreciate that, Mr. Chairman. Thank you.

Mr. HATCHER. Our next witness is Dr. James G. Ledbetter who is commissioner of the department of human resources from the State of Georgia, located here in Atlanta. And Dr. Ledbetter, I am going to ask you to introduce those who will be assisting you in your presentation.

STATEMENT OF JAMES G. LEDBETTER, COMMISSIONER, GEORGIA DEPARTMENT OF HUMAN RESOURCES, ACCOMPANIED BY PEGGY PETERS, DIRECTOR, FOOD STAMP PROGRAM, STATE OF GEORGIA

Mr. LEDBETTER. Thank you, Mr. Chairman. It is very nice to be here and to have the opportunity to interact with you and Congressman Emerson. With me is Peggy Peters, who is the Director of the Food Stamp Program in our State, and she will assist me and also help respond to questions that you may ask.

Let me start by saying I appreciate the perspectives that both of you gentlemen have to offer and with those perspectives, have a degree of optimism that some of the changes that are badly needed will indeed be made.

I think the testimony offered by Ms. Lovett and by Mr. Dunn are illustrative. It seems to me that we have made some assumptions that people are going to be dishonest in seeking benefits, that the State cannot manage the program adequately, that FNS will not carry out the directions of Congress. And so we build in to legislation, requirements that result in a person in Ms. Lovett not getting benefits that caused two pages of regulations I think Mr. Dunn said, that caused us to have eight pages of manual material governing an automobile. It sort of defeats its purpose. I would hope with your perspective that we—that the pendulum can swing back so that we try to implement a program that is designed to serve needy people and that the quality control program ought to assess the degree to which we are doing that so that changes then occur rather than each step assuming that there will be penalties along the way and that we will catch each other. So that perspective I think is important and applaud that and will pledge the efforts of our agencies to assist that.

I have a written testimony. I will deviate some and highlight some of the points.

Last year in our State, we had an additional 9,742 households added to Georgia's food stamp rolls. Our participation level now is

174,976 people—households. Despite this increase, there are still many people in Georgia who are eligible for these benefits but who do not receive them. The reasons range from a lack of knowledge about the program to the complexity of program regulations. I would like to address just a couple of barriers that we see that have the greatest impact on our program in the State.

Congressman Emerson, I think you talked about simplification as being the key. It is certainly the one word which best describes from our perspective what the Federal Government can do to improve food stamp programs.

One area that is both cumbersome and leads to errors is the definition of household. The general rule governing household composition is that all individuals who live together and purchase and prepare food together are treated as one household. This rule is fairly straightforward until all the exceptions to the rule are considered.

Ms. Peters is going to help us walk through the manual so that we can see some of the dilemmas posed by trying to understand the exceptions. Peggy.

Ms. **Peters**. Thank you. Paul Knowland, a member of my staff, will be keying words or phrases into the computer just as a caseworker would in a county office. The computer will quickly search the manual files and the results will be displayed on the side screen. Paul will then scroll through the manual section so you can see the volume of material on the policies that I will be discussing.

Parents and their children can be considered as separate households if one of the parents is elderly or disabled. Also, siblings can be considered as separate households if one of the siblings is elderly or disabled.

There are 13 files in the manual containing policy on disability. Each file contains about three pages of written material. As you can see, the extensive regulations for determining and verifying disability constitute a time consuming and potentially error prone process with which the workers must contend.

The section of the manual that you are seeing now contains 30 categories of disabilities which caseworkers must review to determine if a client is disabled.

In addition, if a child living with a parent who is not elderly or disabled has a minor child of his own, that child and his child can be a separate household from the grandparent.

Similarly, siblings that live together can be separate households only if one of the siblings has a minor child.

There are 10 files in the manual containing instructions on determining if separate household status can be applied.

These screens show you the exceptions to the definition of a household. The process of determining who comprises a food stamp household could be simplified greatly if the exceptions were eliminated. Relatives who live together should be included in the same household as well as all individuals who purchase and prepare meals together.

Another example of the complexity of policies is manifested in the budgeting process used to compute medical deductions for elderly and/or disabled food stamp recipients. Policy for applying a medical deduction is contained in six files from our manual. The household must not only verify all medical expenses incurred but also must verify reimbursements from insurance companies. This verification by itself is unbelievably time consuming for the household and the caseworker.

You are now seeing the list of allowable deductions for medical expenses that can be counted. Once the information and verification are gathered, the caseworker must sift through bills, canceled checks, cash register receipts, insurance policies, doctors' statements, and hospital bills to determine which expense can be allowable. The caseworker must decide which expenses are recurring, reimbursable, or reusable. The caseworker must also determine if a bill can be averaged over certain months or allowed for 1 month only.

Mr. LEDBETTER. This gives you some idea, Mr. Chairman, of the dilemma. The good news is that this is a computer system that is now available. Could you imagine a caseworker needing to go through a manual system? The caseworker very quickly develops the perspective that their time and energies cannot be directed to helping the individual receive benefits and to help that individual overcome a situation.

I think States must be allowed the flexibility to develop specific standard deductions. Think a little bit about the IRS forms and the standard deductions that are allowable there. If we have standard deductions for hospital, doctor, prescription expenses based on average State costs, these standards would be updated yearly. Additionally a standard percentage for reimbursement of medical expenses would be used. Of course, recipients as with the IRS, if they could prove that their deductions are above the standard, that would be allowable. It would help the individual. It would cut down a lot of the unnecessary paperwork.

In addition to simplifying the food stamp regulations, there needs to be greater consistency in regulations governing the AFDC and Food Stamp Program.

Over 40 percent of the AFDC households in our State also receive food stamp benefits. The client comes to the same agency and speaks in some cases to the same worker to apply for these benefits. She has the same income, the same resources, the same child care expenses to verify for both programs. Even though the income and the expenses are the same, they are treated differently.

Georgia recommends budgeting both AFDC and food stamp cases the same way using the AFDC work requirement for the Food Stamp Program, keeping separate resource levels, but treating resources one way and using the same deductions for work and child care expenses in both programs.

Another important issue is the bias against elderly and disabled recipients. The vast majority of these recipients receive only RDSI and SSI. Their shelter and utility costs are lower than other households. Because of these factors, they are allowed few deductions and consequently receive few benefits. Many of these households receive only $10 a month in food stamps. More than one such recipient has told caseworkers that complying with program requirements is not worth receiving such little help. Meanwhile, these people are going hungry. A change in the budgeting procedures to increase benefits to older and disabled persons would make the program fairer and more humane.

The next page or so of my testimony relates to the administration of the employment and training program. I would summarize by saying we do not need two employment programs. We do not need an employment program for AFDC and then an employment program for the Food Stamp Program. In some cases, we have workers trying to manage those different requirements. We need a comprehensive program that is designed to help people who have—who can benefit from an employment training program.

Recent legislative changes resulting from the Hunger Prevention Act and Computer Matching Privacy Act have created some additional administrative burdens on the States. First, the Hunger Prevention Act of 1988 requires households applying for food stamps after the 15th of the month to receive their first and second months' benefits at the same time.

This change to be implemented in January 1990 is expected to cost our State approximately $60,000 just for computer modifications. This regulation change came on the heels of another regulatory change which required that households which applied and were certified after the 15th of the same month receive their second month's benefits by the 8th day of the second month.

The Senate report on the provision for issuing the first 2 months' benefits in a combined allotment expressed the expectation that States would be able to reduce costs associated with benefit delivery. In reality, this provision will result in a more complex reconciliation process as well as the aforementioned programing cost. This cannot be considered cost-effective considering the number of households it affects.

Public Law 100–503, the Computer Matching and Privacy Act of 1988, requires State agencies to sign an agreement with each Federal agency that provides client information through computer matches.

In order to protect any client whose records are matched, the State agency must independently verify the information received in the match. The source of verification is often from the same agency which provided the data for the match. This results in wasted time for both the Federal and State agencies.

The final issue I would like to address today relates to our continued concerns about the quality control system. I made reference to that earlier. The current quality control system is intended to measure the State's performance in administering the Food Stamp Program. High performance is positively reinforced with enhanced funding while low performance is negatively reinforced with monetary sanctions. In truth, the system does not measure overall performance, but only accuracy of benefits. It does not measure quality or timeliness of service. It does not encourage innovation or efficiency in the administration of the program. In fact, due to the conflicting interpretations from FNS, States may implement extraneous procedures that serves no purpose other than to avoid quality control errors. These differences in interpretation definitely have a negative impact on the State's error rate.

Because the quality control system checks after the fact, it may take 6 months to 1 year for the State to receive feedback from the Federal level that it has misinterpreted a regulation which resulted in incorrect benefits.

Most management literature that deals with quality control will indicate that you need a very clear standard, one that is measurable, one that is perceived as being fair, and one that provides timely feedback so the party can make the corrections.

Quality control regulations must be consistent with the certification regulations.

We value very much the Food Stamp Program. It is an integral part of what the Department does and I believe that some of the changes that we recommended, the perspectives that you have had to offer, that we can be successful and I would like to pledge the efforts of the Department to help you in that process.

That would conclude my testimony. Ms. Peters and I would be happy to respond to any questions that you may have.

[The prepared statement of Mr. Ledbetter appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you, Dr. Ledbetter and Ms. Peters for your interesting presentation, and I would like to take this opportunity to thank you again, Dr. Ledbetter, for what you and members of your staff have done to help us prepare for this hearing.

I do not have any questions but I would encourage you to stay in touch with us over the next few months. Hopefully, we will have a farm bill by this time next year. Hopefully, it will not be Christmas Eve as it has been in recent years, and we would appreciate your input all along the way.

Mr. Emerson.

Mr. EMERSON. Thank you, Mr. Chairman. Dr. Ledbetter, you may want to keep your eye on what is going on in Minnesota in terms of combining food stamps and AFDC benefits. We are in the process of granting them authority in a pilot program to see how the meshing of the two would work in certain counties up there and are very anxious for them to get underway and see what results might be produced. I view that experiment as the first step in many steps to be taken in hopefully arriving at the one-stop shopping concept.

We cannot just go out and implement a bunch of ideas that we think may be good. We have to measure the results first. But we are anxious to try a pilot program such as that which Minnesota, the State of Washington, and a number of other entities, perhaps in a more limited way, from time to time have requested the authority to undertake. We are anxious to cooperate in those kind of pilot programs.

Mr. LEDBETTER. I appreciate that very much. The rationale behind the department of human resources was to try to be more responsive to client needs and nothing is more frustrating than to be in the office late in the afternoon and pick up the telephone and try to deal with an individual who can hardly find their way through the system who has to go to various locations. And such an effort as you are undertaking in Minnesota would be very pleasing to us.

Mr. EMERSON. Well, very often they come to Congressmen's offices as well when there is no one else to turn to.

Mr. LEDBETTER. I understand. I am not suggesting the enemy. The enemy is all of us. I think it requires sitting back and trying to look at what we are attempting to accomplish and develop that old

State/Federal partnership where we are partners in trying to serve people and we have some confidence and faith in each other that we can do the job.

Mr. **Emerson**. Well, you had anticipated several of my questions. I was going to ask you to comment on how you would recommend that we make life simpler both for the families that you try to serve and your employees as well. I think you have commented well on that. But I want to ask you a very nuts and bolts questions. We often hear the allegations—I think we in Congress hurl this charge ourselves at the executive branch. We say they sit in an ivory tower and make regulations they expect the rest of the world to live by and they do not really understand the practical effects of what they are doing. In reality, there are many instances where that has happened. But I would like to hear from you what happens when they send out regulations, what happens to you as a practical matter? How does it affect your department when they publish regulations implementing changes in the law, how does that affect your department, how does it divert you from your intended purposes of serving the needs of people? Just comment in a general way.

Mr. **Ledbetter**. There are several things I would have to say. When laws prescribe the date of implementation—I think as the Hunger Prevention Act prescribed the provisions of that act would be implemented October 1 and we did not get regulations until June—it creates a great deal of consternation with people like Ms. Peters and her staff who are trying to determine exactly what the laws mean and that the law be consistent with the regulations, how you can carry out and implement them. We have a complex computer system that must be reprogrammed. A staff of 159 counties must be trained. So in order to carry all that out a reasonable way, there needs to be a reasonable time period to make the necessary changes. When we are trying to carry out those changes with little or no lead time, it becomes very disruptive. We begin to second guess each other and the consequence is that systems break down and we lose our focus of trying to serve people and become focused on creating a set of rules and regulations and manual changes that are consistent.

When you run a decentralized system like we try to run, have 159 counties and several thousand eligibility workers around the State, we want those people to make good decisions. When we have had sanctions like our State has, it becomes even more critical. And so we must have that proper lead time and work together. If the States could help develop the regulations, it would develop some ownership and some understanding of what the intent was and it would be easier then to train staff and to implement those rules and regulations.

Mr. **Emerson**. Do you ever get a call from Washington saying we are wondering how this will fly, we are in the process of issuing regulations pursuant to this law and we want to test this on you? Does that sort of activity occur?

Ms. **Peters**. Periodically, but not often enough as far as the States are concerned. Our regional offices will get information from Washington and they will talk to their States in their region to find information about a particular law, how it might affect them but again, it has been very seldom.

Mr. **Ledbetter**. We are all under such time constraints that oftentimes that is not possible. I think if the laws would anticipate the needed time for implementation, it would help.

Ms. **Peters**. Mr. Emerson, it is very difficult when the law sets a date for something to be implemented and then our regulations do not come out until several months later and they make the changes retroactive to when the law was supposed to be enacted and, therefore, not only do you have to implement immediately but then you are also looking back and you have already got overpayments to clients or underissuances to clients and that just creates more work for your workers trying to catch up in a situation where it really would not be necessary.

Mr. **Emerson**. I think sometimes Congress is probably responsible for not allowing an adequate timeframe. I do not think we can pass the buck on that one. I think we see changes we would like to have made and sometimes we pass laws making those changes and do not allow adequate transition time because we are so anxious that the changes be made. I think your comments here have sensitized it somewhat for the need for adequate time for transition.

Ms. **Peters**. And as I talked about the computer changes, the law that is going into effect in January 1990 about the changes in the 2 months benefits up front, right now we have been working on that since June with our computer people and they are hoping they are going to make the January deadline. So with states that are computerized, it has become more and more important that we have a longer lag time there. It is easier for me right now to write the regulations than it is for them to change the computer to be able to do this correctly.

Mr. **Emerson**. One final question. I would like for each of you just to offer your thoughts if indeed you have any at the moment on the barriers to participation question. What do you see as major barriers? Is there a unique Georgia perspective on this that you might share with us.

Mr. **Ledbetter**. Let me defer to Peggy on that. She would know more than I.

Ms. **Peters**. Thank you. As far as in our urban counties, I think the biggest problem we have is the complexity of the regulations for our clients. When we were using the basic FNS application form, we realized that it was at the level of a sophomore in college so we have put a lot of emphasis on trying to simplify it down to a fifth grade level. I think that has certainly deterred a lot of our clients in Georgia who cannot read and do not want to admit that to us. And unfortunately with the numbers that are coming in, our workers do not have that individual time to deal with them on a one-on-one situation with as much time as they would need to help them.

The second thing in the rural areas unfortunately is our transportation problem. In rural Georgia, there is no public transportation basically, and many of our clients are having to pay people to take them to the local office. Even though there is an office in every county, sometimes it is 10 or 25 miles from the client that needs the help. Quite frankly, it is very difficult for a worker to be able to go out as needed or as often as they are needed to go out and make a home visit to take the applications. We are certainly dealing with our elderly over the telephone now and I think that has helped that part of the population a lot but I still think there are a lot of households out there that just quite frankly cannot get to us.

Mr. **EMERSON**. Thank you very much. I would hope that as we proceed in the revisions of the law, the rewrite of the 1990 farm law and the aspects of it having to do with nutrition programs, that you would continue to share your thoughts with us. I am delighted that you have access to our fine chairman and I think you could be valuable resources to us in letting us know the practical effects of some of the things that may be proposed.

Mr. **LEDBETTER**. Thank you very much and we are pleased to have Mr. Hatcher in that role and we will pledge, as I said earlier, to be of assistance. Thank you.

Mr. **HATCHER**. Thank you both for being here. Your entire written statement will be made a part of the record.

And let me state at this time, the entire written statements of all witnesses will be made a part of the record.

Our next witness is Ms. June Merritt, a neighbor of mine. I live in Baker County and she lives in Early County. To those of us who live in Baker County, Early County is a fairly large metropolitan area. To anybody else, it is kind of rural. We are delighted to have you here today.

STATEMENT OF JUNE MERRITT, DIRECTOR, EARLY COUNTY DEPARTMENT OF FAMILY AND CHILDREN SERVICES

Ms. **MERRITT**. Thank you. My name is June Merritt, and I am director of the Early County Department of Family and Children Services. It is a rural county located in southwest Georgia where nearly 40 percent of the population lives below the national poverty level. For more more than 20 years I have been directly involved in the Food Stamp Program as an eligibility caseworker, as a supervisor, and now as the administrator.

My concern is that the regulations over the past 10 years have become so complex that they are difficult to implement and that those people who should be participating in the program are not being served.

I would like to offer a few examples of what I mean about these confusing regulations and make some recommendations for change.

The Income Eligibility Verification System which we call IEVS—after that mouthful you will understand why—has greatly impacted the Food Stamp Program. IEVS matches the social security number of each client with the Department of Labor files, Internal Revenue Service, and Social Security. This system has had positive and negative impacts on agencies. On the positive side, these matches provide the eligibility worker with valuable information that they need to find out about resources and income of a client to be used during the personal interview. Of course, that makes for more thorough accurate determination of benefits.

However, one of the negatives of the IEVS program is the strict security procedures associated with the data. Information must be kept under lock and key, and access to and dissemination of this IRS data is cumbersome and frustrating. Improper disclosure can result in fines to eligibility workers and fear of this prevents full utilization.

Incorrect and outdated information, computer mismatches, and an immeasurable amount of monthly reporting resulting from this computer matching also has been a negative with this program. Just recently, Georgia was given the flexibility of targeting computer matches based on dollar thresholds. This has relieved the eligibility worker but it is still not adequate. Georgia already has on-line access to computer matches for everything except the IRS data. Eligibility workers check these systems at application and at recertification, but they still have to receive and review the quarterly IEVS matches. This information is usually in the case records and caseworkers are wasting valuable time with this duplication. We are not advocating eliminating computer matches because it provides vital information for the caseworker and it prevents clients from having to travel from agency to agency to get the verification. However, we do advocate relaxing the FNS security procedures regarding the IRS data, eliminating the quarterly Department of Labor matches and requiring Social Security to provide accurate and current information.

Regulations now allow for a special deduction for medical expenses for elderly and disabled persons as already has been mentioned, particularly when these expenses are not covered by insurance. However, the procedure for computing these expenses is so complex that our recipients do not understand what they are suppose to verify, and our caseworkers are calculating improperly the majority of the time. Our most needy clients, those not on Medicaid, are receiving less benefits than that to which I feel they are entitled. My suggestion is a standard medical deduction which would be an advantage for our most vulnerable citizens.

Food stamp clients have an option now to use actual utility expenses or a standard utility allowance. If they do not qualify for the standard, they must obtain 12 months' records for utility expense which the worker then has to update with price increases. It is impossible for our caseworkers to correctly compute a budget using actual utility expenses. You and I would have difficulty providing copies of our electric, water, and gas bills for a 12-month period, and for our clients it is an unrealistic expectation. The policy regarding calculation of actual expenses should be eliminated and replaced with a simplified procedure or a utility standard.

Federal law requires all food stamp recipients to sign a declaration of citizenship—even those for whom we have documented evidence such as a birth certificate already in our case record. The cost in time, postage, and printing of these forms, in no way justifies enforcement of this procedure. We recommend requiring additional verification only if citizenship is questioned. The national trend, indeed the mission of the department of human resources in Georgia, is toward encouraging self-sufficiency. Yet, present food stamp policy prohibits post high school students from receiving benefits. This has already been mentioned so I will only say that I feel all parts of the Food Stamp Act related to students, including the work requirement and the treatment of student government loans, should be modified to encourage our young people to stay in school as long as possible.

Another confusing and punitive regulation relates to household composition. We have mentioned that also. If parents and adult children live together, they must meet a complex list of criteria in order to receive benefits as separate households. This is true even if one unit does not wish to receive benefits, or if they purchase and prepare foods and eat separately. I recommend that the policy on qualified separate households be reviewed in its entirety.

I have identified only some of the program regulations which require change or simplification in order for the program to meet potentially eligible persons and for quality services to be provided to those we already serve.

My experience though has been that there are barriers to participation besides the regulations. One is the paperwork associated with applying for and being certified for the Food Stamp Program. It is entirely too complex. If a person applies for AFDC and food stamps, there are a total of 93 forms in Georgia that this person must fill out. The application regimen, the continuous recertification, and the required reporting of changes discourages participation in the program. As has already been mentioned, transportation costs, particularly in rural areas, is a deterrent to participation. This is true in Georgia in counties particularly where we have the ATP system still in effect. Many of our rural counties have direct mail issuance but where the other system is still in place, it acts as a deterrent. When they have transaction costs like transportation, these costs reduce the net value of coupons or benefits that a person receives.

One thing that has not been mentioned here today that, in my experience, is a great deterrent to participation is the stigma attached to the coupons. Unlike any other form of public assistance, food coupons are particularly identifiable in public. It is very hard for a poor person to endure the rude behavior, the hostile stares and comments from cash-paying customers. I found that working poor people participate only when the need is very extreme, such as during a recession. I feel the reason they do not participate more often is because of the stigma attached to the coupons.

Another personal observation that I would like to make about barriers to participation is the attitude of caseworkers which is probably having an effect on our participation also. In the last few years, we have placed high emphasis on the error rate and reduction of fraud. Workers are conscientious, they are doing what they are told to do. But I now feel there exists an adversary relationship rather than a helping relationship—between our caseworkers and those people they are supposed to be serving.

It is my understanding that the food and nutrition programs touch more people with direct aid than any other program except Social Security. And yet many apparently eligible people are not participating in a program that was designed to relieve hunger and to meet the nutritional needs of its citizens. Your efforts and influence to remove economic and administrative barriers to full participation in the Food Stamp Program by those who are eligible is greatly appreciated.

[The prepared statement of Ms. Merritt appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you very much, Ms. Merritt. Your testimony I think is particularly helpful to me and to the subcommittee because it reflects what actually goes on at the local level. I know you deal with that on a daily basis and certainly the people you supervise do. I found your comments regarding students and household definition very appropriate as well.

Can any resident noncitizen qualify for food stamps? Are there any categories other than citizens, I mean resident aliens.

Ms. MERRITT. I do not have any in Early County. I will defer to Ms. Peters to talk about that.

Ms. PETERS. There are certain categories of aliens that can come into the country and receive benefits. Those laws have gotten much more restrictive lately, especially with your agricultural workers. There are some that are eligible and there are others that will not be eligible for 5 years.

Mr. HATCHER. That is kind of complicated?

Ms. PETERS. Very much so.

Mr. HATCHER. In view of things that are happening in Central and South America, you are going to have some down there. [Laughter.]

I have heard in these town meetings that I referred to earlier—I went to about 11 different counties during that break—one person was very irate and said that food stamps are really abused and we should not have them and that he has seen them at the dog track in Monticello, that people take food stamps down and bet on the dogs. They trade them in for half. Is there such abuse going on?

Ms. MERRITT. It has been reported over and over that food stamps are being exchanged for money. Rumor in Early County right now is that food stamps bring 30 cents for $1, no more than 50 cents. In other words, they exchange 1 dollar's worth of food coupons for 50 cents in money. That is one of the reasons I feel that the EBT—ETB——

Ms. PETERS. You are right, EBT.

Mr. HATCHER. Would be better?

Ms. MERRITT. Yes.

Mr. HATCHER. It is more costly but perhaps if there is real—if there is widespread abuse of the sort you and I just mentioned, it might not be so costly as a net proposition.

Ms. MERRITT. What is coming to our attention more and more now is the exchange of food coupons for cocaine, drugs.

Mr. HATCHER. Well, that is something we need to know more about, whether it is used for betting on dogs, or whether it is used to buy beer, or crack, cocaine, or whatever we need to certainly monitor that.

Mr. Emerson.

Mr. EMERSON. Thank you, Mr. Chairman. I think this mentioning EBT, that really in the long run, we could realize extensive costs savings because I think we are going to reduce the caseworker's time. I think we will be better able to pinpoint fraud and abuse problems. I think that once we get totally mechanized in this thing, that while there is a great initial investment up front, that it is going to really have cost savings over the long haul that are going to pay off. I want to hasten the process.

I wonder, Ms. Merritt, if you would comment just a little bit further on your statement about the adversarial relationship between your personnel and your beneficiaries? Would you get a little deeper into that? I think we need to know about that a little more.

Ms. MERRITT. We have just been made very conscious of what an error rate is and what the sanctions—Federal sanctions could mean to a State. That has filtered all the way down to eligibility workers. More and more emphasis is placed on them, "Do not have an error," so when they talk with clients now in their zeal to not have any fraud cases or not to have errors, I think they are putting more pressure on these clients. I do not think they spend the amount of time that they need to spend with them. It is not a helping relationship anymore.

Mr. EMERSON. Tell us also if you would, just a little bit about your county's employment and training program for food stamp participants?

Ms. MERRITT. I do not have one.

Mr. EMERSON. You do not have one.

Ms. MERRITT. I do not have the number of mandatory registrants in order to qualify.

Mr. EMERSON. What would you do, what do you think you would do if you did have the number to qualify? What type of pursuits would they be involved in?

Ms. MERRITT. I do not know enough about the program to even answer that. I do not know what they would be used for. It is not something I am familiar with.

Mr. EMERSON. I think this is probably a problem in farflung rural areas such as that which Charlie and I represent. We have seen some good examples prior to your time as chairman, Charlie, of employment and training programs in major metropolitan areas where there is a high concentration of people. In farflung rural areas would have some difficulty, and I asked that question just to see if you had some innovative ideas. This is something we are going to have to be examining as we look to the 1990 reauthorization and I am curious as to what people in different regions of the country, both urban and rural are doing.

Thank you very much.

Mr. HATCHER. June, talking about the stigma being a deterrent, we had discussions about that where EBT would be implemented and that becomes a different kind of problem there. You might have 10 or 20 checkout lines in a large supermarket and the question is the expense of having to duplicate the ability to have the EBT in all of them as opposed to having one EBT line or two or three, so that is just one more interesting factor that we have to deal with.

Ms. MERRITT. The card that I was familiar with is one that could be used in most any of the machines that would take a credit card, a major credit card.

Mr. HATCHER. Well, thank you for being here. I appreciate it.

And the subcommittee will be in recess until 11:10 a.m. at which time we will have a panel of three witnesses. We will reconvene at 11:10 a.m.

[Recess taken.]

Mr. **Hatcher**. We are reconvened and we have now a panel of three witnesses. Let us see if they are all here. If they are, we will get started. If not, we will wait a couple of minutes. Ms. Nancy Lindbloom, who is an attorney for Georgia Legal Services, I believe in Athens, Georgia.

Ms. **Lindbloom**. That is correct.

Mr. **Hatcher**. And Ms. Cora Johnson from Soperton, Georgia, and Ms. Anita Beaty, who is codirector, Task Force for the Homeless here in Atlanta.

I assume we have written testimony from each of you. If so, as you have heard, it will be introduced into the record in its entirety, and I would ask you to testify in the order in which I called you either by reading your statement or putting it in your own words, or proceeding however you feel most comfortable.

Ms. Lindbloom.

STATEMENT OF NANCY R. LINDBLOOM, ATTORNEY, GEORGIA LEGAL SERVICES PROGRAM

Ms. **Lindbloom**. Thank you, Mr. Hatcher. I wanted to note two things at the outset, having listened to the people who testified earlier.

First, was the number of points of agreement in their written testimony and what you will hear from us. That is somewhat unusual, at least in recent years, to hear the same recommendations coming from the Federal agency, the State level folks, the local level people operating the program and the advocacy community. I think that speaks—it is a very unusual situation to find that—and perhaps speaks that we are finally coming together and being able to zero in on some of the things that you are asking about: What are the barriers? What can be done to try to eliminate those?

Second, very quickly, I want to offer to you because of your concern for implementation—when Congress does pass legislation seeing that it is actually carried out—a simple suggestion. Perhaps in the future you can consider doing what was done with the Family Support Act, the major welfare reform effort: To mandate that USDA issue proposed regulations by a date certain and final regulations by a date certain. That seems to have worked very effectively in the area of welfare reform and it might be a fairly simple tool.

Your concern today as I understand it, as I mentioned, is barriers to participation. We have people out there who are not participating in the program. Why? And then, is legislation that Congress has already passed actually being implemented or are there problems? And then, what about the future?

My comments in my written testimony and the comments I will make to you now are focused on: What is actually happening on the local level? To whose detriment or benefit? And, at what cost? One of the things that I point out in my written testimony—and I would urge you to consider as part of the reason why you are hearing many similar recommendations from all of us today—is that we have some very strong "carrots" and "sticks" in the existing operation of the Food Stamp Program that States respond to. We have "carrots"—a good example is the money that can be made by States through operating fraud programs. There are clear fiscal incentives to States to operate fraud programs given that they can retain certain portions of the money they collect from alleged overpayments and Federal dollars completely finance the Food Stamp Program benefits. The State—in other words, has a strong financial incentive, which I will address later.

As to the "sticks" of the carrots and sticks, a good example is the error rate sanctions which several people have already mentioned to you today. I wholeheartedly agree with Ms. Merritt's comments that one of the effects of those error rate sanctions and the emphasis that the State has placed on them is that on the local level this potential for an adversarial relationship, as opposed to it to a helping relationship exists.

Another good example of the "carrots" or "sticks" is the employment and training program which, of course, has some great potential. But what we find is that as it exists, States are given an option of undertaking more long-term efforts to meet those goals of employment and training for food stamp recipients.

Yes, States have an option. But when it comes down to the funding States are given through the performance standards that are set for them and the limited nature of funding as was noted by Mr. Ledbetter in his testimony, States are almost obligated to go on the track of short-term efforts, job search as opposed to trying to deal with perhaps the educational needs, for example, of the food stamp population. I note this to you as you take a look at the whole operation of the program because I think these carrots and sticks are skewing things a bit. Perhaps you all need to take a look at what the overall impact of these "carrots" and "sticks" is, and make some changes in how they function.

Workers right now at the local level are under great pressure not to make mistakes and part of that emphasis can be when they are in doubt, they will deny. In other words, the workers' notion of their fundamental role is a push to be cautious because they are not supposed to make errors, and that can be in direct conflict with an effort, a desire to help the individual get the food stamp benefits to prevent them from being hungry.

A good example of that change at the local level was a report that was issued under the Southern Governor's Association. It was issued in 1988 and was trying to look at why were people not getting benefits in the AFDC and Medicaid programs, because of the concern for high-infant mortality. What they found was that from 1980–86 in those two programs that the reasons for denial increased 75 percent under the category of "failure to comply with some procedural requirement." In other words, they were finding that people were eligible, yes. But what was keeping them off the programs were little "hoops" that had to be jumped over.

And I would suggest to you that the Food Stamp Program is probably very similar to that.

You mentioned looking at and being interested in what were the barriers—what was keeping people from getting benefits. I would suggest to you that you can look at that from a matter of attitude. Yes, we still have the stigma—and I respect people who decide that they do not choose to get food stamp benefits.

However, we have some other issues that have risen recently. One is, for example, some counties in Georgia are using group food stamp interviews, where elderly people are told when they are coming for an appointment to come in with a group of 25 or 30 people. I would suggest to you that the protections that have been in the Food Stamp Act as to privacy and confidentiality have been violated. If you can, imagine—especially since I understand most of your districts are rural—coming into your county seat, to your DFACS or food stamp office and undergoing an interview in a group, where if you have to raise—if you do not understand something, you have to raise a question. Or what if you cannot read, what if you have trouble reading? The impact of that is very marked. It is especially true with elderly people in rural areas who we represented when a county in one elderly woman's area was doing this. She just said she did not want people to "know her business," and she did not think that if she had difficulty reading, she should have to demonstrate that in front of other people.

The second "attitude" barrier, and I realize the controversial nature of this—which can exist, I think, because of the strong fiscal incentives to States—is in the push to identify fraud in the program and in Congress' effort to encourage that by increasing funding, so that for a worker at the local level who does fraud work, the Federal Government will take care of 75 percent of their salary. For an on-line eligibility worker who may be needed, it is only going to be a 50 percent match. So there is an incentive for States—you see what I am saying in terms of dollars spent—to go with fraud workers over the on-line worker who is handling monthly reporting, handling all of the things that Ms. Merritt was talking about, the time-consuming tasks.

I question that in terms of staffing, but I also question it in terms of attitude. I will not go into great detail as I did in my written testimony, but with the emphasis on fraud—the pendulum can swing a bit too far. An example of that is, States can now under USDA Federal regulations, not under legislation that you all have passed, but under Federal regulations, can "shortcut" the fraud determination process. If they can get an individual to sign a piece of paper saying they waive their right to an administrative fraud hearing and if they get that individual to sign, that is as good a determination of fraud as if a full trial was held or a full hearing was held to determine that.

Now, what Georgia has done is to develop a form for waiving one's rights to an administrative fraud hearing and the reading level of that form, which is of even more of a concern to me than the application, is that of over the college graduate level. And we have represented clients, elderly clients, with difficulty seeing, with difficulty reading, who were told that signing that form was the only option, that is, if they had an overpayment and they wanted to pay it back but they did not think they had committed any fraud, that was not presented as an alternative. The waiver form was the only thing they could do. And I would suggest to you the elderly woman that we did represent up in northwest Georgia never wanted to see another food stamp again because of that.

We are also talking about people caught up in these fraud investigations where you are talking about 58 dollars' worth of an overpayment involved. A woman down in Glynn County was brought in with 100 or more people to the Glynn County Courthouse after receiving one letter about an overpayment, one letter that was on district attorney letterhead that told her it was "in her interest" to go the courthouse. She went and was told that if she did not sign an agreement by the end of the day, that criminal charges, fraud charges, were going to be brought against her.

Now, my suggestion to you is not that it is not important for you all to have in place a fraud investigation and prosecution program. My suggestion to you is that it be scrutinized to a great extent by USDA to ensure that people are not—because of the fiscal incentives—are not being caught up in that process.

In Glynn County, for all the people that were told to report to the courthouse—newspapers carried headlines "County goes after welfare cheats."—So just by showing up at the courthouse—so my suggestion, strong suggestion to you is to rethink that and to make sure the protections are in place to ensure that those investigations do not catchup people who otherwise are eligible and might have made a simple mistake, but had no fraudulent intent.

Very quickly, you asked about implementation. This is also a barrier. There is a provision in the Hunger Prevention Act that you all passed last year that said that there should be a toll-free number or a number where collect calls would be accepted at local offices so people could get information or provide information. That has not been implemented yet in Georgia at all. And what we have here is a situation where workers are placed on either "protected time" or if you call in, the receptionist will give you to an answering machine for the worker. And what we are trying to work out with Georgia right now is what was the meaning, what did you all intend by that? Did you not intend for the person to speak to a human being in giving that increased access.

So I would also suggest to you that access barriers are still there, not just the transportation issues that have also been mentioned to you, but also the restriction in the numbers of hours that the DFACS office may be available. I have outlined this to you in my written testimony.

I will very briefly mention and refer you to my testimony on excessive verification problems and monthly reporting. Ms. Beaty here is going to speak to you about some of the problems that homeless people are having in terms of the excessive verification and can speak to that. I would simply note to you that when you put pressure on workers not to make mistakes, they are going to want to go with a document in the file. They are not going to feel as secure with making a phone call to verify a fact. They are going to want an original document if you can. The more emphasis there is in that direction, the more problems you are going to see with excessive verification.

The monthly reporting issue I wanted to raise with you is simply to look at where the dollars are going in monthly reporting. You have made this optional with the States. But what I would point out to you is when a State like Georgia which is concerned about their error rate tries to demonstrate to USDA they are making a good faith effort to deal with that, that one of the ways they might do that would be, as they did, was to put a large number of food stamp recipients on monthly reporting to demonstrate good faith. However, look at the impact of doing that where, for example, a study that was done for USDA estimated the time to process a monthly report form even if there were no changes on it, absolutely none, could be 10 minutes of time per form per month. Georgia was sending out over 100,000 monthly report forms every month. You add that up in terms of worker time and you are talking about over 16,000 hours a month of worker time going into this process which is reaping questionable benefits. And I suggest that is another way of looking at what are the costs that are currently being incurred—that local offices are having to deal with. Ms. Merritt mentioned that on citizenship verification.

Finally, I wanted to raise with you a recommendation. Your concern about outreach has been mentioned, how can we reach the people who are not getting food stamps now? I would suggest to you that while that is all well and good, perhaps a major way of making a change would be to try to add some incentives or provide disincentives so States, for example, would have an interest in expedited issuance, in other words, in seeing that people would actually get their stamps within the 5 calendar days.

I think that despite USDA's recommendation to you this morning to shorten that time, until you deal with the incentives and disincentives that are operating on the State, you are not going to see a change in being able to get benefits to people as speedily as possible. I would encourage you to look hard at expedited issuance in terms of your future efforts, to try to look at ways—it could be made either easier for the States or the States could be held more accountable for it, because right now the bottom line is that Ms. Beaty and Bill Boling and the food banks and the food pantries and the churches are getting—are taking a major brunt here in terms of meeting the immediate needs of people.

Thank you. I appreciate it. I have talked more than my 5 minutes but I appreciate your time and I would be happy to answer questions.

[The prepared statement of Ms. Lindbloom appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you for your testimony. I think we will wait on questions until we have heard from the other two on the panel and then we will question all three of you.

Ms. Johnson, I know it is a long way from home for you, I know where Soperton is, and I appreciate you being here.

STATEMENT OF CORA JOHNSON, FOOD STAMP RECIPIENT, SOPERTON, GA

Ms. JOHNSON. Well, I was asked to talk about some of the barriers that the people are having in their local area like where I stay at and one of the barriers is the fraud. The most of the people that get food stamps is like myself is not educated well enough to understand the process, and they sign a paper, you know, thinking that they are helping themselves and they end up in front of a fraud person saying that they intentionally was trying to fraud the Government, you know, in trying to get food stamps that they did not deserve, and that is keeping people from, you know, even trying to apply for food stamps.

And the housing—I mean due to the housing in the area where we live—so many of the families are staying together, and that causes a burden whenever they cannot have separate households. I know they said they are supposed to have separate households but it is hard in some areas, especially Soperton, to get that to happen. I do volunteer work and I had a client to come to me the other day had just come out of the hospital and he went in to get some food because he was not able to work and he was staying in the house with somebody else, and they told him he could not get food because he was staying in the house with somebody that was working. And the person was only furnishing a place to stay and not food because they did not have enough food themselves and to put him on their food stamps. So he was turned down at least three times saying there was not no such money that he could get to get some food.

And he kept coming back to me. I said you are supposed to—if you can cook, after you get something to cook, and let them know that you will cook your food, you do not have any and you are not working—he still was denied. People do not understand the process and the abuse that they get at the local level.

And I understand after listening to some of things that have been said here today and the training that the people get, they do not have, they do not understand, and the best thing for them to do is disencourage you to not even try to apply, and the $10—well, we do not get the mail issues—and the $10 that some of the elderly people get by the time [illegible] somebody to bring them to the food stamp office—will not bring you less than $5—then they have to bring you back to the food stamp office where you pick them up at to get food stamps, that is the $10 that people say is not even worth it.

But then we are being told if you do not get the $10, you lose your Medicaid and you lose your other benefits. And see when the local people do not know what their rights are, rather than to lose your Medicaid card or lose whatever other benefit that you have trying to get $10 worth of food stamps, people will not participate in it.

And I think it would need to be where people understand what their rights is, you know, that somebody can tell them what their rights is and not scare people thinking that they are going to go to jail or 2 or 3 years later after they done already ate the food and the child done got out of school and all of this, and then you come up with fraud because you did not report something that you did not even know, or maybe was not even yours to report. And that has caused embarrassment. I got it in this statement. That is caused embarrassment in the local level.

I had a lady to tell me the other day before she would go through with what she had to go through with at the food stamp office her and her children would starve because she would never go to the food stamp office again. And that should not be. People should not starve when food is there for you to eat, supposed to be there and when you get there, it is so hard for you to get the food, that would rather take your children and starve than to try to get food.

And I am a client, and I have been through with some of all this stuff myself. I am not talking about what they said to other people. I am talking about what I have experienced. And the fraud barrier is real scary because when you sign your name on the piece of paper with the computer thing, they can transfer that and put it on whatever they want to put it on, and all of a sudden you come up with, you sign a paper saying that you intended to steal from the Government and you have not even heard that before and it is real scary.

[The prepared statement of Ms. Johnson appears at the conclusion of the hearing.]

Mr. **Hatcher**. I can appreciate that.

Ms. **Johnson**. The rest of it is in the thing where I would like for you——

Mr. **Hatcher**. Well, thanks again for being here. That was very helpful firsthand testimony.

Ms. Beaty.

STATEMENT OF ANITA L. BEATY, DIRECTOR, TASK FORCE FOR THE HOMELESS

Ms. **Beaty**. Thank you. I would like to reiterate and support both of what the other panelists have reported as our experience with the Task Force for the Homeless.

What we have observed recently since we are able to computerize our intake certificates is that something that I think all of us know now is that homeless and hunger are going hand in hand and we have documented requests for shelter from 2,000, more than 2,000 individuals over the summer and a startling 25 percent of those people have reported to us after we ask the question—they often do not offer this information, we learned quickly to ask the question—they report that they have not eaten in 24 hours. What we have observed is that hunger is a critical and immediate crisis for homeless people and that the Food Stamp Program could offer some blessed relief, that it does not because of many obstacles to accessing those stamps and that necessary currency.

The testimony that I have prepared and presented goes into greater detail but I think I had rather summarize some of the problems. It is a real emotional issue for those of us who are on the firsthand end of this issue where people have used the last quarter that they can scrape up to call and say, "help me, I have no place to go and my children have not eaten in 24 hours." This happened 2,000 times during the summer when the problem is supposed to have lessened and where most people do not acknowledge that it even exists. So the increase is something we cannot compare statistically to last year because we did not have statistics last year of this particular issue.

But what we have seen is that food pantries which used to be emergency resources for us to call and say we have a family who needs to eat now, have become a backup system for another system that does not work effectively for immediate critical hunger problems and because of the increase in demand for food which is not in short supply. It is merely a matter of not being able to get it effectively to the people who need it for lots of reasons, some of which I will observe to you.

The food pantry system, all of us who are advocates and involved in the helping services are watching our services become necessarily systematized because the demand is so great and is growing out of any possibility of immediate response to it. The food pantry that we work with—and by the way, peripherally, the Georgia Coalition, Citizens Coalition on Hunger has just handed out a real important recent documentation of food pantries in Atlanta, and I encourage you to look at that and read that and talk to these folks.

Food pantries, because they have such an incredible demand on their services, are now able to select from among the homeless who are hungry those people who can document their needs. Think for a minute what that means. From among the homeless and hungry, we are using emergency services to supplement a system that is funded to meet those needs. Those emergency services are being very selective and critical and requiring documentation and, in some cases, picture I.D., in many cases physical referral from food stamp offices in order to access emergency food from pantries. That is an alarming new turn of events are far as we are concerned.

Pantries we used to be able to pick up the phone and call and get food from right now are asking them to document that the client, indeed, has applied for food stamps and has not received them and can prove identification.

We are continuing in spite of the fact that we have a longstanding working relationship with the State and local office. We sympathize with the burden placed on their personnel to document and to verify facts and qualifications, and we sympathize with the eligibility workers who are swamped who cannot respond sensitively to a homeless person, who is first of all sort of persuaded to try to apply to the system when they are in a state of trauma most of the time and a sense of failure and oppression lots of times, to go into an office and apply and to still have requests for birth certificates and documentation of a personal home address which we know are no longer legal requirements but on a local level can just be said very casually to applicants who then turn and walk away. It is not likely that a homeless single male is going to press the issue and say that I have a right to expedited food stamps because I am homeless. We do not have—I do not have personal knowledge—and we have very few cases where homeless people have, indeed, gotten expedited services. First of all, many times they do not know that word, and in cases where we have had applicants who were turned away or not given applications for expedited services because they did not know the magic word. They might have made a mistake and said emergency food stamps, or quick, or something else but it is almost as if they have to know the code to access the service and for people who are hungry and without a place to live, it is a frightening experience.

The obstacles are many and longer than we have time to discuss today but for our particular client population, our guest population, the issue of purchasing prepared meals is one that is attractive to us and the possibilities are creative and the opportunity to feed the hungry people exists in a currency system that right now is so complicated that we only have two—I think two, I checked on this yesterday—shelters out of a possible 76 in the metropolitan area of Atlanta participating in the program. We would urge you to look at that and look at the possibility of simplifying or relaxing the requirements so that people could actually purchase prepared meals when they are homeless and hungry.

I want to make an outrageous recommendation. We have heard 3 days for expedited services suggested. I suggest a maximum of 24 hours. I know this is outrageous but when we deal with families who have not eaten in 24 hours who do not have identification to present to emergency pantries, on the spot issuances is not out of the realm of possibility and we would urge you to consider that.

We recommend also continued training. We in our office, and the State network and the local network have offered to do—to participate in training, to bring food stamp workers, eligibility workers out to look at shelters and to see the environment in which homeless people live. We have had some confusion in the definition of household with the local or new move toward transitional and smaller sheltering where families are merged and live together in sheltering and have applied for food stamps and been told, "No, they live in a household environment." This is something that we have a great deal of confusion about and are able to clear up with lists of shelters that are in our network and we offer our assistance in these cases.

Attitudes we have heard a lot about clearly are impacting on homeless people at least as heavily on other potential applicants. This is a delicate population of people who are, first of all, without resources many times and unable to access telephones to follow up on applications so the telephone check, even if they get to the recording, is first of all impossible because they do not have phones and they certainly cannot be called back. Even in shelters where there is a phone, you cannot get to it—it is very difficult. So they are forced to go personally to those offices so where in the rural areas it is cost prohibitive and impossible often to appear personally, in the metropolitan area of Atlanta, it is expensive and we are observing costs of $120 a month on public transportation for a woman with children to go back and forth to offices to check on assistance when she has applied. So those costs are prohibitive. We have observed an increased application among homeless people but we would like to very brazenly claim some of the credit for that in this network of volunteers who have been through extensive training impressing their guests and clients to access the system in trying to persuade them to go ahead and tackle that bureaucracy. And in the costs in volunteer hours which I would like to submit is extensive where it often takes a 1-on-1 relationship between the advocate and the client to wade through that bureaucracy to access services. And shelter staffs, managers and volunteers are becoming outreach workers which we think is to some degree responsible for some of the increased attempt to access the system. There is still a discrepancy between the number of applications and those who actually receive assistance.

So the situation for homeless people is critical, desperate, and we think it is really basic to consider or ask you to consider that this is intended as a program of hunger relief, and to consider that when you are making policy changes to include advocates and clients is absolutely a necessity as far as we are concerned. And to require that on the State and local level ought to be considered as well. Policy changes—we can understand them—sometimes direct and local personal experience can assist that, those policy recommendations.

Thank you.

[The prepared statement of Ms. Beaty appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you. Ms. Beaty.

Ms. Lindbloom, you are in Athens. In how wide an area do you practice?

Ms. LINDBLOOM. Our Athens office covers only a few counties surrounding Athens. Georgia Legal Services covers the State except for metro Atlanta. My work is in the public benefits area. I help staff in all of our offices when it affects food stamps or AFDC.

Mr. HATCHER. Throughout the State?

Ms. LINDBLOOM. Yes, sir.

Mr. HATCHER. What happened in Brunswick? You touched on it and I read your written testimony, your written statement. Was that a violation, do you think, of the Food Stamp Act?

Ms. LINDBLOOM. Yes, sir, I think it was of USDA's regulations concerning this waiver form, the short-cut process if you will. There is a requirement of advance written notice to a client if he/she is going to be asked to sign a form like that. And the letter on district attorney's letterhead stationery did not contain that. Now, I have alerted USDA and asked them to check on that and to follow up on that. We have—of the legal services people who were there at that courthouse that day—we have a limited staff, we have a three person staff in Brunswick and they simply were not able to talk to all the people down there. And even though Brunswick has one public defender as I understand it—you may be well aware there is no statewide public defender system in the State of Georgia. You had a slew of people that we never even saw who felt like they best sign those statements even if they felt like they wanted to pay the money back which many of them did, but just said "I did not commit any fraud." "I will pay the money back. If I did not deserve it, I will pay it back."

Mr. HATCHER. But they did not understand they had that option, nobody told them?

Ms. LINDBLOOM. That is correct. Even when some legal services staff asked for a form that could be signed by the client whereby the client would agree to pay the money back but just not agree that they had committed any fraud, they were told that that was not an option.

Mr. HATCHER. Had anybody made that point to the District attorney?

Ms. LINDBLOOM. Yes, we have asked the local—the regional USDA office to look into it and I hope to hear back today as to what their point of view is. My concern would be even if USDA says it was wrong, what happens now to all the people in that county and in other counties who signed the forms. There are many other counties that have been using the same system recently. Food stamp recipients may have signed those forms and not really understood what they were getting into.

That is one of the reasons in my written testimony I suggested that USDA could take a stance. If USDA uncovered and found that the shortcut procedures had been used illegally or there was a problem with that, it could withhold some of the fiscal incentives to the State. I think—do you see what I am saying—I think that would afford the protection of making sure that when the form was used, it was actually true for the circumstances. And they were using the same waiver whether the dollar amount of the overpayments was $58 or for someone where there were several thousands of dollars involved. That was the other concern that we had.

You may also be interested, I referenced in my testimony that the Georgia State Office of Audits just recently did a program performance audit on the office of fraud and abuse and found that an individual worker, a fraud worker's performance rating was keyed to how many cases they had processed, not necessarily taking priority cases first with large dollar amounts of money but, in other words, that they were taking the ones that they were able to quickly process. So there is an incentive, that is what I am pointing out, another example of incentive to find fraud when in doubt.

Mr. HATCHER. Thank you.

Ms. Johnson, thanks again for being here. I can certainly understand what you mean about the scare and that it would be intimidating not just to those people but to their neighbors and people that they know once you see somebody hauled into court, that you just would not want to touch food stamps, that is the point you are making, is it not?

Ms. JOHNSON. That is right.

Mr. HATCHER. That it is not worth the threat and that is a real concern.

What kind of volunteer organization are you in or do you just help people as an individual, or do you have a group that tries to help people with these kinds of problems?

Ms. JOHNSON. Well, I am a part of the Georgia Client Council. What we do is just help whoever needs it and whatever area that they need. I have a local client council in Truetlen County. I try to educate people the best that I know how to go get food stamps. After being charged with fraud myself, I try to make sure that nobody has to go through that, and I tell them not to sign nothing until they can get somebody to verify what it is they sign, which I did not have that information before I signed the paper. And it is real scary and people talk real rough to you, especially when you do not know what it is you are signing, and you are being told that if you do not sign this, knowing that what they charge you with is not true, and not being able to tell it, or either being—believed what you are telling to be true——

Mr. HATCHER. You either sign it or they tell you something worse is fixing to happen to you?

Ms. JOHNSON. Yes, sir. So you do not have no choice but to sign it, then you know the thing is everywhere that you frauded the Government and you tried to steal this. The people point you out as being a bad person, that that is what you are trying to do, and people do not like to go through with that.

Mr. HATCHER. Well, do you have access to Georgia Legal Services in Soperton?

Ms. JOHNSON. Yes.

Mr. HATCHER. Do you have an office there?

Ms. JOHNSON. No.

Mr. HATCHER. Where is your nearest office?

Ms. JOHNSON. Dublin.

Mr. HATCHER. Mr. Emerson.

Mr. EMERSON. No questions.

Mr. HATCHER. I would like to thank each of you for your time and effort that you gave in being here and presenting the testimony. It was very helpful.

Mr. EMERSON. We appreciate it.

Mr. HATCHER. Before we conclude the hearing, does anybody, any citizen out there that feels the urge to say something, anybody who would like to make a brief statement?

Yes, ma'am.

Ms. GHAFOOR. I would like for the food referral that are issued out by the food stamp office, I would like for that to be looked into. I work with a hunger hotline in Atlanta and when people apply for food stamps, it takes about 30 to 45 days for the process to be completed and the stamps to be received. They do not have food during that period of time. The majority of the food pantries want to receive a food referral from the food stamp office.

A lot of people are having problems in that the food pantries usually on an average gives out about 3 to 5 days worth of food, depending on the size of the family. So if you have waited 30 to 45 days to get your food stamps, the food is not going to last you. Some people are being told they cannot receive a second food referral. Some people are being told that if they do not get the referral the first thing in the morning, they have to wait until the next day to get it, so what is happening is when a person calls on the hotline, they are saying they need food and we try to find someplace, a pantry that will provide the food for them, if it is a pantry that needs referral, that person cannot get any food until they can get to the food stamp office.

So they are running into a lot of those problems and since it is taking so long for the application to be processed and they are needing more than one referral, something is going to have to be done to change that. And also, some food stamp offices have food on hand that a person can be given if they need food right away. The majority of the people do not know this and the majority of people are not being told that this food is available. So everybody runs into those kind of problems.

Mr. HATCHER. Thank you. If you will, please give us your name for the record.

Ms. GHAFOOR. My name is K-a-h-i-n-a and the last name is Ghafoor G-h-a-f-o-o-r.

Mr. HATCHER. Well, thank you very much and thank you for spelling that. I am sure the reporter will appreciate that.

Well, thank all of you who were witnesses today and those of us who were interested enough to attend this hearing. That concludes this hearing.

[Whereupon, the hearing was concluded at 11:45 a.m., subject to the call of the Chair.]

[Material submitted for inclusion in the record follows:]

The Honorable Charles Hatcher, Chairman
House Agriculture Subcommittee on
Domestic Marketing, Consumer Relations, and Nutrition

1301 Longworth House Office Building
Washington, DC 20515

I have worked as a freelance temporary secretary for a period of approximately three years, and I occasionally obtain work through personnel agencies. I have earned an average of $15 to $18 per hour in salary. This past May, after having been unsuccessful at finding a full time position, I went to a social service organization for assistance. I was given three bags of groceries and financial assistance to help me pay my rent. By June, I was reduced to seeking work through the labor pool, working a ten hour day with pay ranging from $20 to $30 per day. I was still not making enough income to support my family and continued to look for permanent work.

Obviously, this income was not enough for rent, utilities, and food so I contacted the Fulton County Department of Family and Children Services in Atlanta to apply for food stamps. I furnished the intake worker with all the requested verification and was given information on the length of time it would take to process my application.

Approximately 11 - 15 days later I received a rejection notice from the food stamp office. I was not rejected because there wasn't a need, but because I have a 1988 automobile which was valued at a rate which put me over the program's acceptable margin. No consideration was given to the fact that my car note payments were three months behind, the car was not edible and I had no equity in it to sell it even if I had wanted to.

I have never "lived off the government" and I was not trying to abuse the program. I have a nine year old child I was trying to feed. I was told to try one of the social service organizations for food assistance. I should note that I had not received any fresh fruits, vegetables, dairy products, bread or fresh meat when I received assistance from these organizations in May. As I have a spastic colon, my diet requires fresh fruits and/or vegetables.

My first reaction to the rejection was anger. Not only was I at a mentally exhaustive point facing homelessness, I could not even feed my child. I was forced to send him to Ohio to stay with his grandparents until I was in a better position to care for him. Please also note that during this same time I was denied unemployment compensation because I was eligible for work in the labor pool.

I tried desperately for weeks to get information about the law that rendered me ineligible for food stamps, based on a car. I called Washington, I called the governor's office and had the phone slammed down in my face and finally on August 28, 1989 I went to see my Congressman, John Lewis. I tried so hard to get answers because for a period of three weeks - I starved. I starved in a country which opens its arms to refugees around the world - in a country I supported economically and through my tax dollars. I couldn't believe my country knowingly, and without afterthought, let me starve!

I know I am not the first nor the last to be denied food because of an automobile. I am writing this testimony for, and with the rest of those people. When your country turns its back on you, what do you have? Desperation makes you into someone you don't want to be. Crime becomes an alternative but fortunately, the help of my parents saved me from that. I wonder how many good, decent, hungry people did America loose because the government punished us for at one time being able to afford to buy a car - boosting the economy by buying one, paying taxes and then, for reasons beyond our control, when we are unable to feed ourselves that same government denies us FOOD.

I think you should give serious consideration to changing the laws that I was made victim to. You must know how many people are suffering because of it. The American people should be able to feel that its government is there when they need it...they should not feel that refugees and immigrants can live free and get government aid, but the very people who built America, who are America are denied food because of an automobile. Let the people know that!

B. L.
Atlanta, Georgia

TESTIMONY OF G. SCOTT DUNN
ACTING ADMINISTRATOR, FOOD AND NUTRITION SERVICE
U.S. DEPARTMENT OF AGRICULTURE
BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE
SUBCOMMITTEE ON DOMESTIC MARKETING,
CONSUMER RELATIONS AND NUTRITION
ATLANTA, GEORGIA
SEPTEMBER 8, 1989

Mr. Chairman and members of the Committee, I am Scott Dunn, Acting Administrator of the Food and Nutrition Service (FNS) for the U.S. Department of Agriculture. Thank you for inviting me to join you here in Atlanta this morning as you begin your hearings on the 1990 Farm Bill and the reauthorization of the Food Stamp Program.

The reauthorization process provides us with an excellent forum for considering ways to make the operation of this program more effective and responsive to the needs of participants, potential participants, and program administrators. Mr. Chairman, Mr. Emerson, I welcome the opportunity to work with you in this endeavor, and I commend you on the timeliness of this hearing.

The focus of today's hearing concerns the Food Stamp Program's operational side--how we can best administer the program from the Federal, State and local levels so that it is well-managed, efficient, and readily accessible to those who need it. These have been enduring goals.

In Fiscal Year 1988, 18.7 million people participated in the Food Stamp Program each month on average. Based on a summer of 1986 study of the characteristics of participants, we know that average household size is 2.7 persons. Average gross monthly income for food stamp households was $417, and average net income was $232. About fifty-one percent of participants were children and eight percent were elderly.

How the Food Stamp Program is Administered

At the Federal level, the Food and Nutrition Service provides direction and sets requirements for participating State welfare agencies through regulations and technical assistance. The Federal government develops regulations and policy to assure nationwide uniformity of eligibility, benefits and processing. We also monitor implementation by State agencies and payment accuracy, and evaluate findings of monitoring actions to recommend improvements.

We print and distribute the food stamps to welfare agencies and authorize stores to accept the coupons. In Fiscal Year 1988, we had 234,000 firms authorized to accept food stamps.

And we work with other Federal agencies such as the Family

Support Administration, the Social Security Administration, the Health Care Financing Administration, the Federal Reserve, the Immigration and Naturalization Service and the Internal Revenue Service to coordinate aspects of the Food Stamp Program that relate to their functions.

The daily operation of the Food Stamp Program is the job of State and local welfare offices, which follow the Federal regulations to determine a household's eligibility and issue benefits. The States determine how a wide array of diverse administrative operations will be carried out, such as how the State's employment and training program will work or the manner in which recipients receive their benefits.

Administrative Improvements

We at the Federal level share the desire of State and local program managers to minimize the administrative complexities of the Food Stamp Program. We presently are involved in several initiatives that hold promise in making the certification and benefit delivery processes more efficient and effective.

In compliance with the Hunger Prevention Act, we are working to establish a procedure for assisting State agencies in developing applications for food stamps that are as simple and as brief as possible within the confines of the requirements of various laws. The Food and Nutrition Service, as part of its continuing review of program operations, is looking at the overall application process.

In the area of benefit delivery, the Food and Nutrition Service is exploring Electronic Benefit Transfer (EBT) technology to see if it can improve the administrative efficiency of the issuance process in a cost-effective way. Study results in Reading, Pennsylvania, showed the initial pilot to be well received by recipients, food retailers, banks and local welfare agency staff. Recipients found the EBT system easier to use than coupons and more than seventy percent preferred it to the coupon system--including such groups as the elderly and the disabled.

We are now looking at ways to reduce the cost of EBT, which is considerably more expensive than a paper coupon system. A system that integrates commercial systems and is combined with other assistance programs, such as AFDC, may hold the key to cost reduction, so we have awarded cooperative agreements to projects in three States to operate integrated, on-line, EBT demonstrations beginning in 1990. We are eager to see if these demonstrations have the potential to reduce current issuance costs and improve accountability and security while maintaining or improving service to recipients.

Recent Legislative Activity

Since the last reauthorization of the Food Stamp Program in the

Food Security Act of 1985, Congress has approved 15 ~~20~~ pieces of legislation that have changed the program. The sheer number and frequency of these changes provide all who administer the Program with a continuous challenge and remind us why program "simplification" remains so elusive.

Recent legislative action has sought to ease the administrative burdens on State and local agencies while simultaneously expanding eligibility and ensuring accessibility and an adequate level of benefits for recipients. At the same time, the Federal budget deficit has made it crucial to contain program costs. We expect that the cost of the Food Stamp Program will be almost $13 billion this year.

Many changes to the Food Stamp Program were required in the Hunger Prevention Act of 1988. I am pleased to report that we are on track in the implementation of these provisions and are beginning to receive feedback from the States on them. Much of what Congress intended is falling into place smoothly. However, as you are aware, there are a few areas that appear to pose some problems.

USDA Legislative Proposals

Today, I want to discuss some modifications to several provisions contained in the Hunger Prevention Act as well as recommend some other changes to improve Food Stamp Program operations. These proposals, as well as others, are in draft legislation transmitted by Secretary Yeutter to the Congress on August 15, 1989.

The Hunger Prevention Act requires State agencies to use prospective budgeting--that is, anticipated future income--in computing the income of any non-monthly reporting household.

Prior to the implementation of this amendment last fall, States had the option of using either retrospective or prospective budgeting for non-monthly reporting households not statutorily exempt from both monthly reporting and retrospective budgeting.

We propose giving States the option, again, to use retrospective budgeting for households that are not monthly reporters.

Many States prefer retrospective budgeting--some because it contributes to greater food stamp/AFDC conformity, others because they feel it provides more accurate income figures.

The Food Security Act of 1985 required all State agencies to establish an Employment and Training (E&T) Program for food stamp work registrants and others who may volunteer to participate. The intent of the E&T program is to assist members of households participating in the Food Stamp Program in gaining skills, training or experience that will increase their ability to obtain regular employment. The program has been in operation since April 1, 1987.

Last year, the Hunger Prevention Act required USDA to develop outcome-based performance standards for State agencies by April 1, 1991.

This deadline does not provide the Department with sufficient time at the beginning of the development process to collect State-level data and analyze the effects of different State economic and demographic characteristics on outcomes. It also does not provide sufficient lead time before implementation of the standards for States to set up the data collection and reporting systems to track their performance based on these measures or to plan modifications to their E&T delivery systems to come into compliance with the new outcome-based standards.

To develop meaningful and fair standards for the States and allow for State implementation and adjustment, we propose extending the timeframes both for collecting this information and for establishing standards that reflect differences between the States. Accordingly, we propose that data collection begin by October 1, 1990, and that the outcome-based performance standards be in place by October 1, 1993. These dates are more consistent with the legislated timeframes for developing outcome-based performance standards for the Aid to Families with Dependent

Children JOBS program and the schedule applied in the Job Training Partnership Act (JTPA) where data collection and analysis precede the development of new JTPA standards.

Another legislative change related to Employment and Training that is needed to make program rules more consistent is the "head of household" definition. The Food Security Act of 1985 established different penalties for Employment and Training violations according to whether they were committed by the head of a household or by other household members. It is important that penalties are applied uniformly and fairly and are not subject to manipulation by some households. This change is needed to more clearly identify the person in an E&T household who is the family's main source of support and to hold that person accountable for compliance with the program's work requirements.

We know that holidays and long weekends pose special problems for State agencies when it comes to meeting the five-day processing standard for expedited service. The current processing standard should be retained in most cases, but the law should be changed so that States have no fewer than three working days for processing expedited service applications and providing benefits.

Mr. Chairman, I hope that the Agriculture Committee will adopt the legislative recommendations I have presented here today. The

Department's legislative proposal contains a number of other recommendations for improving the Food Stamp Program that I would be pleased to discuss today or at future hearings. Also, concerns about State agencies' costs of administering the program have led the Department to propose legislative solutions in the past. Although I am not prepared to make additional legislative recommendations at this time, we continue to be concerned about the fact that, while program participation fell by 11 percent since 1980, State administrative expenses increased 61 percent after adjustment for inflation. Under current law, State agencies that implement or retain ineffective administrative procedures or practices are able to share the burden of poor management with the Federal government because the State administrative expense funding is open-ended. This is an area we expect to examine again in the coming year.

The Committee and FNS share a common commitment to provide food assistance to all low-income Americans in need of it. I look forward to working with you over the coming months to further this goal.

Mr. Chairman, this concludes my testimony. I would be happy to answer any questions that you may have.

James G. Ledbetter, Ph.D./Commissioner

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Testimony of Dr. James G. Ledbetter
For the
Sub-Committee on Domestic Marketing, Consumer
Relations and Nutrition
September 8, 1989

As Commissioner of the Georgia Department of Human Resources, I am pleased to have the opportunity to speak with you about the administration of the Food Stamp Program in Georgia and to solicit your support in making the necessary changes which will provide more families with the food stamp benefits to which they are entitled.

In the last twelve months we have experienced an increase of 9,742 households, raising our participation level to 174,976. Although we are experiencing an increase, there are still many people in Georgia who are eligible for these benefits but do not receive them. The reasons range from a lack of knowledge about the program to the complexity of program regulations. I would like to address briefly the barriers which have the greatest impact on the Food Stamp Program in Georgia.

The one word which best describes what the federal government can do to improve benefit programs is "simplification"....simplify procedures and policies regulating the benefit determination process.

An area which is both cumbersome and error prone is the definition of a household. The general rule governing household composition provides that all individuals who live together and purchase and prepare food together are treated as one household. This rule is fairly straightforward until all the exceptions to the rule are considered. We will use our on-line computer manual to show you some of the problems.

First, parents and their children can be considered as separate households if one of the parents is elderly or disabled. [Use Zyindex to show definition of disability.] Siblings can be considered as separate households if one of the siblings is elderly or disabled.

[Display section on exceptions]

In addition, if a child living with a parent who is not elderly or disabled has a minor child of his own, that child and his child can be a separate household from the grandparent. Similarly, siblings who live together can be separate households if one or both of the siblings has a minor child.

The process of determining who comprises a food stamp household could be simplified greatly if the exceptions were eliminated. Relatives who live together should be included in the same household as well as all individuals who purchase and prepare meals together.

Another example of the complexity of policies is manifested in the budgeting process used to compute medical deductions for a food stamp recipient.

Medical deductions are allowed only for aged and/or disabled recipients. The household must not only verify all medical expenses incurred, but also must verify reimbursements from insurance companies. This verification requirement, by itself, is unbelievably time consuming for the household and the caseworker.

Once the information and verification are gathered, the caseworker must sift through bills, cancelled checks, cash register receipts, insurance policies, doctors statements and hospital bills to determine which expenses are allowable deductions. The situation is further complicated by insurance companies which are unpredictable in supplying information. The caseworker must decide which expenses are recurring, reimbursable, or reusable. The frequency of doctor, hospital or clinic visits must be computed. The frequency of prescription drug purchases must be determined. Based on policy, the caseworker must determine if a bill can be averaged over certain months or allowed for one month only. Does this process sound complex, time-consuming and confusing? Yes. Does the process require change? Definitely.

States must be allowed the flexibility to develop specific standard deductions for hospital, doctor and prescription expenses based on average state costs. These standards would be updated yearly. Additionally a standard percentage for reimbursement of medical expenses would be used. Of course, recipients would still have the option of verifying and deducting costs higher than the standard deductions.

Standard deductions for work related expenses and utilities are used currently in the food stamp budgeting process. These standards have proven to be administratively efficient and equitable for recipients. Use of standard deductions for medical expenses would result in greater efficiency and would ease the burden for recipients as well as for caseworkers.

In addition to simplifying the Food Stamp regulations, there needs to be greater consistency in regulations governing the AFDC and Food Stamp Programs.

Over 40% of AFDC households also receive food stamp benefits. The client comes to the same agency and speaks to the same worker to apply for benefits. She has the same income, resources and child care expenses to verify for both programs. Even though the income and expenses are the same, thay are treated differently.

Let me give you some examples.

- In AFDC, income is budgeted retrospectively for all recipients except for the first two payment months. In Food Stamps, income is budgeted retrospectively for some recipients and prospectively for others.
- In AFDC, recipients who work are allowed $90 + 30 and 1/3 of the remaining earned income as a work related deduction. In Food Stamps, they are allowed 20% of earned income.
- In AFDC, recipients are allowed a child care deduction of up to $200, depending on the age of the child. In the Food Stamp Program, the maximum dependent care deduction is $160 per child.

- In AFDC, a mother must register for work if all children are over age three. Food Stamp recipients are not required to register for work until the youngest child is age six.
- In AFDC, recipients could be denied benefits if they refuse to apply for other available cash benefits. There is no similar requirement in the Food Stamp Program.
- In AFDC, the resource limit is $1,000, whereas the resource limits for Food Stamps are $2000 for most households and $3000 if a household contains a person over 59.

Not only are there differences in the resource limits, but the same resource can be budgeted differently in each program. Life insurance is treated as a resource in AFDC while it is not in Food Stamps. Joint banking accounts are counted in their entirety in food stamps while in AFDC only a prorated share is counted. Personal effects such as jewelry are considered resources in AFDC, but not in Food Stamps. In AFDC the equity value of a vehicle is counted. In Food Stamps, the fair market value in excess of $4500 is counted. These numerous inconsistencies are not only confusing to our clients but to our caseworkers as well.

Georgia recommends budgeting both AFDC and Food Stamp cases the same way; using the AFDC work requirements for the food stamp program; keeping separate resource levels but treating resources the same way; using the same deductions for work and child care expenses in both programs.

Another important issue is the inequity of treatment to elderly and disabled recipients. The vast majority of these recipients receive only RDSI and SSI. Their shelter and utility costs are lower than other households. Because of these factors, they are allowed fewer deductions and consequently receive fewer benefits. Many of these households receive only $10 in food stamps each month. More than one such recipient has told a caseworker that complying with program requirements is not worth receiving so few benefits. Meanwhile, these people are going hungry. A change in budgeting procedures to increase their benefits must be a priority.

The administration of the Food Stamp Employment and Training Program (E&T) is another area of concern. This program was enacted for the purpose of assisting members of the household participating in the program in gaining skills, training or experience that will increase their ability to obtain regular employment. In theory these provisions support the goal of the State agencies which is to assist the household in becoming self-supporting. However, because this is a performance based program with limited funding to be allocated among states, the E&T Program is not achieving its goal. The flexibility provided states in designing their own programs is offset by the emphasis placed on high participation and disqualification levels. In Georgia, the E&T Program is active in less than one-fourth of our counties due to limited funding. This program, if sufficiently funded, can be a major factor in assisting recipients to become self-sufficient. In Georgia counties where the E&T Program is not active, a number of recipients "volunteer" for E&T participation but must be "turned away".

Although the E&T provisions do allow for long term services to address educational and skill deficiencies, the funding, particularly the $25 per month per participant for transportation expenses (of which USDA will pay a maximum of 12.50 per month) is insufficient to support or encourage participation in anything other than short term activities. This is particularly true in rural areas which include the vast majority of counties in our state. The child care regulation which was implemented effective July of this year and provides up to $160 per child per month is a more realistic figure and will be most helpful to clients.

Finally, we argue that performance based funding of the E&T program requires states to place more emphasis on serving higher numbers of clients for shorter periods of time.

This has forced states to design inexpensive, superficial components for large numbers of participants, thereby curtailing our ability to offer more intensive long term services to recipients with more severe barriers to employment.

Recent legislative changes resulting from the Hunger Prevention Act and the Computer Matching Privacy Act have created additional administrative burdens on states. First, the Hunger Prevention Act of 1988 requires households applying for food stamps after the 15th of the month to receive their first and second months' benefits at the same time. Since the regulations allow 30 days for application processing, most unexpedited households applying after the 15th are not certified until the following month and would receive a combined allotment for the first and second months.

However, households which apply after the 15th and are certified before the end of the same month must receive the second month's benefits (combined with benefits for the first month) prior to the second month of eligibility. This is a major change which requires extensive as well as expensive modifications to current computer programming and affects only a small number of households (approximately 10% of all applications).

This change, to be implemented by January, 1990, is expected to cost the State of Georgia approximately $60,000 for computer system modifications. This regulation change came on the heels of a regulatory change which required that households which applied and were certified after the 15th of the same month must receive their second month's benefits by the 8th day of the second month.

The Senate Report on the provision for issuing the first two months' benefits in a combined allotment expressed the expectation that States would be able to reduce costs associated with benefit delivery. In reality, this provision will result in a more complex reconciliation process as well as the aforementioned programing cost which cannot be considered cost-effective considering the small number of households it affects.

Our other concern is for those clients who indeed will receive more stamps initially but will be responsible for budgeting them for a longer period of time. The following is a typical example: A client is certified January 22nd and receives January and February benefits on January 25th. These stamps must last the household from January 25th until at least March 4th. The timeframe potentially could be even longer for states that stagger the issuance of ongoing benefits.

Public law 100-503, the Computer Matching and Privacy Act of 1988, requires state agencies to sign an agreement with each federal agency that provides client information through computer matches. These federal agencies/systems are BENDEX, SDX, TPQY, SSI, IRS, DRIPS and possibly, SAVE.

In order to protect any client whose records are matched, the state agency must verify independently the information received in the match. The source of verification is often the same agency which provided the data for the match. This results in wasted time for both the federal and state agencies.

The Act also states that no action can be taken against an individual unless he has been notified of the information provided by the match and has been given 30 days to contest the information. Current program regulations in AFDC, Medicaid and Food Stamps allow a 10 day notification period.

Allowing 30 days notice in these situations alters the structure of all programs' notification processes. In addition, state agencies match with non federal agencies and this law does not give clients the same time frames to refute information on these matches. The results will lead to confusion on both the client and worker's part and will result in more errors. This ultimately will mean higher error rates and potential sanctions for states. This also will result in higher administrative costs because each state will be forced to make computer programming changes to track this longer notification period. We solicit your support in assisting states in recommending to Congress that the ten day time frame be allowed for all verification.

States have used tape to tape matches with BENDEX and SDX routinely to update assistance programs' files with annual RDSI and SSI cost of living increases. These automatic updates will not be allowed under the Computer Matching Act unless the required independent verification and notice procedures are met. This means that caseworkers will have to apply a percentage increase to existing RSDI and SSI income amounts. This process has been used in the past and is error-prone as it results in inaccurate RDSI/SSI benefit amounts used in assistance programs' computations. Benefit information obtained from these computer matches should be considered verified information since it comes directly from the files of the agency which provides the benefits.

The law also requires the establishment of a Data Integrity Board for each State. This Board is charged with the responsibility of ensuring that matches are accurate and cost effective. If the board is allowed to eliminate inappropriate matches it will work. However, if the findings of the Boards cannot be carried out, many man hours will be wasted simply to satisfy a requirement. This law may have been an attempt to clean up the multitude of problems states have had with IEVS matches. Instead, it compounds the problems associated with IEVS matches by placing additional verification requirements on caseworkers and imposing a longer notification timeframe thereby reducing the time available to the caseworker for processing information obtained through the IEVS.

The final issue I'd like to address today relates to our continued concerns about the inequities of the quality control system. The current quality control system is intended to measure the state's performance in administering the Food Stamp Program. High Performance is positively reinforced with enhanced funding while low performance is negatively reinforced with monetary sanctions. In truth, the system does not measure overall performance, but only the accuracy of benefits. It does not measure the quality or timeliness of service. Nor does it encourage innovation or efficiency in the administration of the Program. In fact, due to conflicting interpretations from FNS to quality control and certification staff, states may implement extraneous procedures that serve no purpose other than to avoid quality control errors. These differences in interpretation definitely have an effect on a state's error rate.

The Quality Control procedures for determining the accuracy of the states' computation of fluctating income, (income received regularly but for different amounts) has changed three times since 1980 and will change again effective October 1989. The quality control procedures for handling unreported property taxes and insurance changed three times with no corresponding changes in the federal regulations. Each change in procedures may affect states' error rates even though there is no corresponding change in federal regulations for states to implement.

At the federal level, there are differences between the regions. Different regions place emphasis on different regulations and therefore "look" for different errors in the federal re-reviews.

Regions also have different policy interpretations. The quality of the federal quality control staff varies from region to region and even from state to state. This may result in different error rates for states with similar accuracy levels because of the regression process, the adjustment of the states quality control findings based on the federal validation subsample.

Because the quality control system checks after the fact, it may take six months to a year for the state to receive feedback from the federal level that it has misinterpreted a regulation which resulted in incorrect benefits.

Quality Control regulations must be consistent with the certification regulations and feedback must be more timely. These two criteria are crucial for effective evaluation of performance and the development of corrective action.

Changes in the quality control sanction process were enacted in the Hunger Prevention Act. This law changed the tolerance level to the national average error rate plus one percent which is a more realistic goal for most states. However, states are still being held liable for past years' sanctions which were based on the arbitrarily established tolerance level of five percent. We recommend that any sanction owed prior to the enactment of the Hunger Prevention Act be eliminated.

Thank you for allowing me the time to share Georgia's concerns regarding the food stamp program. I am confident that you will use this information to make this a more viable program for clients and workers.

James G. Ledbetter, Ph.D./Commissioner
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Testimony of June Merritt
For The
Subcommittee on Domestic Marketing
Consumer Relation and Nutrition
September 8, 1989

My name is June Merritt, and I am the Director of the Early County Department of Family and Children Services, a Rural County located in Southwest Georgia where more than 40% of the population lives below the national poverty level. For more than 20 years I have been involved in the delivery of food stamps to eligible persons as a caseworker, a supervisor and now as an administrator.

My concern is that regulations governing the program have become so complex over the past ten years that they are difficult to implement and that persons who should be participating in the program are not being served.

I would like to offer some examples of these confusing regulations and make recommendations for change.

The income eligibility verification system which we call IEVS has greatly impacted the Food Stamp Program. IEVS matches the social security number of each client with files of the Department of Labor, Internal Revenue Service and Social Security. This system has both a positive and negative impact on the workload of an agency. On the positive side, the computer matches provide the eligibility worker with income and resources data on each client which is used during a

AN EQUAL OPPORTUNITY EMPLOYER

personal interview to explore all sources of income, making for a thorough, accurate determination of benefits.

However, one of the negatives is the strict security procedures associated with the IRS. Information must be kept under lock and key, and access to and dissemination of this data is cumbersome and frustrating. Improper disclosure can result in fines to eligibility workers and fear of this prevents full utilization.

Incorrect and outdated information, computer mismatches, and an immeasurable amount of mandatory reporting resulting from computer matching are also negatives of computer interfacing with other government agencies. Just recently Georgia was given the flexibility of targeting computer matches based on dollar thresholds. This has relieved the eligibility worker of some of the burden associated with IEVS, but it is nowhere near adequate. Georgia already has online access to all the computer matches except IRS. Eligibility workers check these systems at application and recertification, but still must receive and review the quarterly IEVS matches. This information is usually in the case records and caseworkers are wasting valuable time by this duplication. We do not wish to eliminate computer matching for it provides vital data for the worker and prevents clients from having to travel from agency to agency to gather required verification. However, we advocate relaxing FNS security procedures regarding IRS data, eliminating the quarterly Department of Labor matches and requiring SSA to provide current information on benefits.

Regulations currently allow for a special deduction for medical expenses for elderly and disabled persons when these expenses are not covered by insurance. However, the procedure for computing them is so complex that recipient's cannot understand how to verify them, and our caseworkers are calculating improperly the vast majority of the time. Our most needy clients, those not on Medicaid, are receiving less benefits than that to which they are entitled. My suggestion is a standard medical deduction which would be an advantage to our vulnerable citizens and provide for accurate benefits also.

Food Stamp clients have an option now to use actual utility expenses or a standard utility allowance. If they do not qualify for the standard, they must obtain twelve months' records for utility expenses which the eligibility worker must update with price increases. It is impossible for our caseworkers to correctly compute a budget with actual utility expenses. You and I would have difficulty providing copies of our electric, gas and water bills for a twelve months period - and for our clients it is an unrealistic expectation. The policy regarding calculation of actual expenses should be eliminated and replaced with a simplified procedure or a utility standard.

Federal law requires all food stamp recipients to sign a declaration of citizenship-even those for whom we have documented evidence such as a birth certificate. The costs in time, postage, printing of forms, etc., in no way justifies enforcement of this procedure. We recommend requiring additional verification only if citizenship is questioned. The national trend, indeed the mission of the Georgia Department of Human

Resources is toward encouraging self-sufficiency. However, present food stamp policy prohibits many post high school students from receiving benefits. For example: A food stamp household which contains a 19 year old who is enrolled in college cannot receive benefits for him unless certain restrictions are met. There are obvious college costs associated with that child, but also food costs which he will continue to have with the family. All parts of the food stamp act related to students, including the work requirement and treatment of student government loans as income, must be modified to encourage our young people to stay in school.

Another confusing and punitive regulation relates to household composition. If parents and adult children live together, they must meet a complex list of criteria in order to receive benefits as separate households. This is true even if one unit does not wish to receive benefits, or if the related persons purchase and prepare foods and eat separately. Consideration must be given to who makes application, who has minor children, the age, disability, etc., of household members to see if separate status may be granted. We recommend the policy on qualified separate households be relaxed.

I have identified only some of the program regulations which require change or simplification in order for the program to reach potentially eligible persons and for quality services to be provided for our current clients.

It is my understanding that the nutrition programs reach more people with direct aid than any other program except Social Security, yet many apparently eligible people do not participate in a program that was initially designed to relieve hunger in this county and meet the nutritional needs of its citizens. Your efforts and influence to remove economic and administrative barriers to full participation in the food stamp program by those eligible is appreciated.

TESTIMONY BEFORE THE

U. S. HOUSE OF REPRESENTATIVES
COMMITTEE ON AGRICULTURE
SUBCOMMITTEE ON DOMESTIC MARKETING,
CONSUMER RELATIONS, AND NUTRITION

ATLANTA, GEORGIA
SEPTEMBER 8, 1989

Presented by:

Nancy R. Lindbloom
GEORGIA LEGAL SERVICES PROGRAM

BARRIERS TO PARTICIPATION IN THE FOOD STAMP PROGRAM

While at one time a lack of knowledge about the food stamp program or not enough cash to cover the former "purchase requirement" were major barriers to participation in the food stamp program for many poor people, currently the "carrots" (fiscal incentives for detecting fraud, for example) and "sticks" (error rate sanctions) that are provided for states in the food stamp program have produced formidable obstacles for many otherwise eligible people. At the same time, the lack of any comparable incentives for states regarding provisions of the Food Stamp Act that are beneficial to applicants/recipients (e. g., expedited issuance or waiver of the normally required in-office interview) and a less than vigorous enforcement effort by USDA substantially contribute to the problem.

I. PROCEDURAL BARRIERS

(1) ACCESS PROBLEMS for poor people have increased markedly over the last ten years as the cost of maintaining telephone service has risen dramatically. Many fewer food stamp applicants/recipients have phones in their homes. Consequently, these people have difficulty communicating with the local food stamp office. The problem is compounded for people in rural areas and elderly people because they may have to rely on someone else to give them a ride to and from the food stamp office.

While Congress has provided for expanded situations where the in-office interview can be waived over the years, there is no requirement that food stamp applicants/recipients be informed about this provision.

Perhaps more critically, access to the food stamp office has become even more restricted in Georgia because of the extensive use of answering machines; "protected time" for workers; and restricted office hours. The Hunger Prevention Act of 1988 provided that food stamp applicants/recipients be provided with a toll free number or a number where collect calls would be accepted so that they could obtain information more readily and report changes more easily. Although that provision was supposed to go into effect as of July 1, 1989, some county food stamp offices still have their receptionists connect a recipient who calls with a worker's answering machine, and not another worker who can provide them with information. The same is true in other counties where a recipient calls, and is told that his/her worker is on "protected time".

In Laurens County, food stamp recipients were sent a form notice that told them that if they tried to reach their caseworker in the morning or up until 2 PM, they would be told that their caseworker would call them back after 2 PM. In Richmond County, recipients were told to call between 10:15 AM and 11:15 AM to speak to their caseworker.

(2) EXCESSIVE VERIFICATION REQUIREMENTS. In 1988, the Southern Governors' Association sponsored a study and report of the AFDC and Medicaid eligigility process in 17 southern states. The study was prompted by a concern over high infant mortality rates, and concludes (in part) that its finding that over 60% of applications were denied because of "Failure to Comply with Procedural Requirements" should be of major concern. The number of applications denied for this reason has increased nationally by 75% since 1980.

Our experience with food stamp applicants/recipients confirms a similar result. Advocates for homeless people in Atlanta had been repeatedly told by local food stamp office staff that homeless people had to have a birth certificate before their application for food stamps would be taken. These advocates went about the long, tedious process of securing the documents. In some instances, this was done more than once.

In 1988, the state and Social Security Administration changed the procedure for securing Social Security numbers, at the same time that Social Security regional offices in the state were cutting back on "circuit riding" to county seats of more rural counties in the state. The net result for food stamp applicants/recipients was a required trip to the Social Security office to obtain a Social Security number, instead of allowing the local food stamp worker to initiate the process.

Increased verification requirements mean increased trips to the local food stamp office. One family that lives in a rural area in southeast Georgia had only a bicycle for transportation, and lived several miles from the local welfare/food stamp office. Their application for benefits was denied several times because they could not present all verification that was requested, and the local worker did not see that she had an affirmative duty to assist them.

When the new Hunger Prevention Act provision regarding restricting the state agency's ability to deny a food stamp application for a third party's noncooperation in providing verification is implemented, it will go a long way towards reducing procedural denials. In Clarke county, for example, a food stamp recipient was cut off the program for failing to get the absent parent of her children to sign a statement saying that he failed to pay her child support in a particular month, which he was under a court ordered obligation to do.

(3) ADVERSE EFFECTS OF MONTHLY REPORTING. In response to its high error rate, Georgia dramatically increased the number of food stamp recipients who had to comply with monthly reporting requirements in 1987. This included people with stable unearned income. Georgia Legal Services represented one woman and her young son who receives Supplemental Security Income benefits. This woman had faithfully filled out the monthly report form each month , and turned it in by the 5th of the month (Georgia's due date). Despite this fact, she received computer notices for 3 months in a 7 month period which terminated her benefits. Nothing about her income and circumstances had changed.

A report by the Center on Budget and Policy Priorities on food stamp monthly reporting found that there is a lack of evidence that monthly reporting produces program savings or is more effective in reducing error rates than conventional management strategies. Over 100,000 monthly report forms were being mailed out each month until June of this year in Georgia. A study done for USDA estimated that monthly reporting costs an additional $8 per monthly reporting household per month, and equally critically, it takes a worker anywhere from 8 to 12 minutes on average to process the form each month. Thus, in Georgia, assuming an average time of 10 minutes per form each month, over 1,000,000 minutes or 16,666 hours of worker time each month was being devoted just to processing these forms.

In June, Georgia moved to cut back on the number of food stamp recipients who must comply with monthly reporting. Despite existing provisions of the federal food stamp law, these people were removed from monthly reporting requirements, but kept on retrospective budgeting.

II. ATTITUDINAL BARRIERS

While the "stigma" associated with accepting "handouts" from the government still keeps some otherwise eligible people from getting food stamp benefits, additional attitudinal barriers have arisen recently in Georgia. In some counties, for example, local food stamp offices conduct group food stamp interviews. Legal services was contacted by several elderly people and a woman with young children because they had received a written notice saying their food stamp interview would be conducted in a group. The notice said to bring someone with you if you could not read, and to bring someone to mind your children if you had to bring them with you. The elderly people especially felt that it was not worth the $15 to $20 of stamps each month to have to go through such a process, and have other people "know your business."

OVEREMPHASIS ON FRAUD

On Monday, August 28th of this year, scores of food stamp recipients were told to report to the Glynn County courthouse through a letter written on the local district attorney's letterhead. The letter indicated that there had been an overpayment to them, and advised them to show up, as in all likelihood criminal welfare fraud charges would be brought against them. For many, this was the first time they had been apprised that there was an overpayment. No information was provided about when the alleged overpayment was supposed to have occurred, or the cause of the overpayment.

The local district attorney spoke briefly to the assembled group, and told them that if an agreement could not be reached by the end of the day, that criminal charges would be brought the next day. People were then told to wait until their name was called, so they could speak to an Office of Fraud and Abuse worker. For at least one group of people, this meant going to the front of the room to speak with the worker with little, if any privacy. Fraud workers did not have complete records concerning the overpayments with them, so that all questions could be answered. Recipients were told there was only one form they could sign, a consent agreement whereby they agreed to be disqualfied from the food stamp program. If they signed, they were not given a copy of the document to take with them.

Georgia has utilized 2 "short cuts" in the fraud determination process. USDA's federal regulations provide that states can use a "waiver of one's right to an administrative disqualification hearing" as well as a disqualification consent agreement. See 7 CFR Section 273.16. There is a requirement that advance written notice be given to recipients of the possible use of this form. There is not an explicit requirement that such forms be "clear and understandable", as is the case with applications and monthly report forms. In Glynn County, as in the other counties in the state that use a similar process, press releases are issued to local newspapers referring to rounding up "welfare cheats".

Fiscal incentives to determine overpayments as due to fraud are extremely strong for states. States can retain 50% of funds recouped from overpayments classifed as due to fraud. By contrast, states can only retain half that amount or 25% for overpayments classified as due to inadvertent household error. Legal services'experience in representing clients who have been asked to sign these type of agreements has been that fraud workers do not offer as an alternative simply signing an agreement to pay back the overpayment, but not admitting any fraudulent intent. A very common reaction from recipients is that "if I got paid too much, I want to pay it back, but I didn't try to defraud anybody."

A woman in Tift County was approached by a fraud worker to sign a Waiver form because of an overpayment that resulted from her young daughter being taken from her home by a relative of her father, and the subsequent delay in getting her back. The dollar amount was modest, and the client was more than willing to pay the money back. The worker initially refused, and scheduled an administrative fraud hearing. When the hearing was scheduled to be done by phone, and the client objected, the fraud worker went straight to the local magistrate court and took out a warrant. That action was contrary to the federal food stamp law, and the charges were eventually dropped. Nevertheless, the woman wa arrested at her home at night, kept in jail overnight, and had her name under a headline of the local paper.

Counties that use the district attorney system that Glynn County does can receive $50 or $200 for every "consent agreement" they get signed, depending on the dolllar amount involved. In addition, in Glynn County, people who signed the consent agreements had to pay a $110 fine in addition to any monies owed on the overpayment.

The other fiscal incentive to states to undertake fraud detection is the increased federal match for fraud workers. By contrast, federal matching dollars for local eligibility workers is less. Georgia, for example, has moved to take advantage of the higher match rate for fraud workers, despite understaffing in local food stamp offices.

In fact a very recent program performance audit of the Office of Fraud and Abuse by the State Office of Audits noted that (fraud)investigators performance evaluations are based upon the number of investigations completed, without regard to their priority. This encourages investigators to select referrals from the backlog (of overpayment claims) that can be worked easily."

One of the food stamp recipients who went to Glynn County for the meeting with OFA and the district attorney was allegedly overpaid $58.

The state audit report further noted that a review of the OFA files showed that 16% of the files it reviewed did not contain required documentation, and that "an error in this stage of the investigaton could result in an incorrect amount being recovered from a recipient." Finally, the audit report noted that, in fact, it could easily project that in a short period of time OFA would be "overstaffed", and should reconsider reallocating staff.

It is critical that USDA take a vigorous, affirmative role in ensuring that states that choose to utilize these provisions comply with existing regulatory protections, as well as insuring that the food stamp recipients' constitutional rights are protected. Georgia Legal Services also represented an elderly woman who could not read and had limited vision who was asked to sign a waiver of her right to an administrative disqualification hearing. She did so, but was worried about what she had done, and could not understand the copy of the form that was given to her. At least one of the major readability tests that was "run" on the "waiver" form showed that it required greater than a college graduate level of education to understand it!

If such forms/consent agreements are to be allowed, they must be checked to insure that they are "clear and understandable." Congress should also consider denying fiscal incentive payments to states if it appears such forms were not signed voluntarily, and in accordance with federal regulatory requirements.

ADDITIONAL RECOMMENDATIONS:

(1) Revise the mandatory household definition rules. There is much confusion among the low income community concerning the household definition requirements. In the South, not only are three generation households common, but brothers and sisters frequently take in other family members. Legal services frequently represents clients who cannot get food stamps because they are living with specified family members who have taken them in.

(2) Require a more vigorous,affirmative role for USDA in insuring that states timely implelment new provisions, and serve

a "watchdog" role to make sure states operate the program correctly. In recent years, the agency has taken on a more passive role.

(3) Develop additional incentives (fiscal and otherwise) to insure that positive provisions for recipients are not mere "paper rights". Of particular importance would be to develop these incentives in the expedited issuance area, as currently, many local food stamp offices refer applicants to the local food pantry or food bank or churches, and then process their food stamp application under a regular 30 day timeframe.

(4) Provide for close scrutiny of fraud investigation and detection efforts by states by USDA to insure legitimacy and legality of efforts. If problems are found, withhold fiscal incentive monies.

(5) Continue to increase the level of benefits. The limited nature of food stamp benefits still means they do not last until the end of the month.

(6) With the recently enacted Family Support Act legislation, many states will be emphasizing education in their JOBS programs. It is important that legislation be passed to allow these students to receive food stamps in order to support them in their effort toward self-sufficiency.

(7) Food stamp Employment and Training funds should be targeted for education and other long term benefits. Tom Rafferty of the National Alliance of Business has confirmed that local businesspeople are tired of having food stamp recipients come to them to get written verification that they applied for a job, just to comply with job search requirements.

SUMMARY OF PROBLEMS AND RECOMMENDATIONS IN TESTIMONY BY CORA JOHNSON

1. **PROBLEM:** **There is too much emphasis on fraud detection at local food stamp offices with common abuses of clients' rights.**

Clients are accused of purposely lying when they did not understand the papers they were asked to sign or the questions they were asked. Example: My current case regarding joint property.

Clients are asked to sign papers saying they purposely frauded the program when in fact the error was due to the caseworker.

This emphasis on finding clients guilty of fraud scares people who are in need and eligible and keeps them from applying.

RECOMMENDATION: Decrease emphasis on fraud detection and ensure that clients' rights are protected, particularly their rights to information about what they are being asked to sign. The emphasis in the program should be on feeding hungry people not looking for liers and cheats.

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2. PROBLEM: The current definition of a household is preventing people from getting food stamps they need.

We have a great housing shortage here in Georgia in the rural areas. Families are forced to take in their relatives in small living spaces because there is no affordable housing and adequate training and jobs with adequate wages are scarce. The relatives who bring in a daughter or a sibling with children cannot afford to take care of their food needs as well. But the household definition now prohibits these two households under one roof from being considered separate households.

RECOMMENDATION: Change the household definition to allow relatives who have children to be separate households as it was before 1981.

3. PROBLEM: The food stamp law regarding clients rights in the application process, expedited service and the current household definition are not being followed at local food stamp offices.

For example: Directions to clients about how to fill out applications are not clear, but they are not given assistance if they ask.

Workers do not know that a person, a non-relative who lives with others under the same roof but does not share cooking and food preparation facilities should be considered a separate household and his/her eligibility determined this way. Story of man who came home from the hospital and stayed with friends but was not given expedited service though he was eligible because the caseworker said that the income of the people he was staying with had to be counted in determining his eligibility -- even though this was not accessible to him.

The state food stamp agency director says he can provide training to only 60 people each year, but there are 159 counties in Georgia with several workers in each.

RECOMMENDATION: Need for federal agency to monitor problems in operations of local food stamp offices in Georgia. This needs to be done without advance notice.

There also needs to be something done to make sure that the state trains all its staff on a regular basis.

(Attachment follows:)

Oct 17, 1989

To Whom it Concern, I am a Mother of 6 Childrens And I recieved AFDC & foodStamps And I been having Problems out of the Caseworker, they had me as a fraud in the Systeme, And I know good as well I didn't Commit a fraud. because everytime a Change Come about I reported it and the Caseworker Mess it up. they don't believe a word you said unless you have hard down proof. Are they Call you in the Office And Call the people While you sitting there. I mean they thank a person have to tell them a lie, everytime you Open your Mouth. it's Not the System it the Caseworkers at the Office. every month they Change my foodstamps. I Never get the same ~~amount~~ amount of foodstamps everymonth. I had reported that I don't get anymore Army allottment Check and they haven't gave me the right amount AFDC Check yet. And I been reported the case. so they call me in the Office and call the Army Fiance office and they People there, told them the same thang I told them and the Caseworker didn't believe me about the Army allottment Check. In the family of 7 I only get 363.00 and get 347.00 worth of foodstamps, time you go and look for Job the Committe you as a fraud. And didn't report it. You all Need to Check out the Caseworker. they is the one that's messin up AFDC Mother's With ~~dependent~~ dependent Aide. it's Not them applying fn AFDC & foodstamps they don't Care how they mess you up. I know that I haven't seen a foodstamp Worker in One year, and my Food stamps Were different every month. Just as I said Someone Need to Check out the Caseworker. I am a resident Of Liberty County.

thank you Very much.

TASK FORCE FOR THE HOMELESS

363 Georgia Avenue, SE (2nd Floor)
Atlanta, Georgia 30312
(404) 589-9495

TESTIMONY

September 8, 1989

To: Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition: The Food Stamp Program

From: Anita L. Beaty, Director Task Force for the Homeless

The Task Force has received 2008 individual requests for shelter during the summer, with 25% of those individuals having been without food for 24 hours. Since 51% of those individuals are children, we are experiencing a hunger crisis, along with homelessness, that demands our immediate response.

We have also sampled 193 intake forms completed in shelters by homeless individuals: Of those people, 49% had applied for Food Stamps, 20% who had applied for Food Stamps had not gotten them; and 29% had applied and received them.

We have information from the past two years showing that more people are applying for Food Stamps while homeless, and after they get into a shelter; it is also true that more people are **not** receiving Food Stamps, although they have applied. (See stats from past two years attached.)

Our network's Legal Clinic for the Homeless, Inc., reports that Food Stamps problem cases are rampant in shelters; our own agency's staff reports that although homeless people qualify for expedited issuance of stamps they are not getting them. They further report that it is not unusual for homeless people to wait three weeks to get expedited services.

One woman with a fmaily was told she did not qualify because the shelter was a "family environment"; men from the local soup kitchens are often told they don't qualify and are given referrals to food pantries.

Homelessness is a violence we commit on men, women and children; and hunger is the final blow.

The Task Force, the Legal Clinic, Georgia Legal Services and others have worked long and hard to monitor this issue for the past two years. There is a file of communications tracing our original observations and requests to the State Department of Family and Children's Services. We are now reporting that the effort has not produced results that we can tolerate.

1. Expedited Issuance: We recommend that instead of a maximum of 5 days for completing expedited issuance, Congress set the limit at 24 hours. Those cases qualifying for expedited services based upon homelessness should be completed by hand at the time of application.

We recommend also that Eligibility Workers be required to inform clients who are homeless or who otherwise qualify for expedited issuance that they can apply for those services. We also recommend that those workers be required to honor requests for "emergency stamps," or whatever term the client may use to describe the expedited issuance.

2. We recommend that Food Stamp office provide staff to work in shelters on a regular basis to handle complaints, problems with issuance, etc. It is not possible for homeless clients to reach caseworkers by phone -- we regard the procedures as discriminatory to homeless individuals who have no access to phones.

3. We acknowledge that outreach, provided completely by shelters and network staff, has increased applications. During the past two years, this volunteer and non-profit network has concentrated on communicating procedures to homeless guests and clients and often provides individual advocacy to get clients through the maze of bureaucracy required to get the assistance.

4. We have offered repeatedly to provide technical assistance to Food Stamp workers in recognizing the problems of homeless clients. We have offered to provide space in shelters and agencies for workers to come into the field to access clients, who have no means of traveling to centers to ask questions or to follow up on applications. We will continue to make the offer. Since homelessness and hunger go hand in hand, we request that an effort be publicized to provide Food Stamps availability for all homeless people.

Homeless males who are single are often being turned away without even being allowed to make application. They are not likely to press their rights, even if they are aware of them.

5. We recommend that the purchase of prepared meals in non-profit and for-profit facilities be approved by Congress without regard to the cost of food preparation.

We recommend outreach and public information be made available to encourage uses of "pooled" stamps by soup kitchens and shelters and transition houses.

TASK FORCE FOR THE HOMELESS
363 GEORGIA AVENUE, SE, ATLANTA, GEORGIA 30312-3027
(404) 589-9495 FAX 589-8251

Phone Intake Statistics: Summary Report
May - August 1989

Ages of Homeless Children Seeking Shelter

Age 0 to 5	522	51%
Age 6 to 11	347	34%
Age 12 to 18	151	15%
Total:	**1020**	

(average age: 6.4 Years)

Ratio of Children to Adults

Children	1020	51%
Adults	988	49%
Total:	**2008**	

Length of Stay in Atlanta Before Seeking Shelter

Under 6 Months	819	41%
6 Months to 1 Year	235	12%
1 to 10 Years	441	22%
10 to 30 Years	88	4%
Lifetime	425	21%
Total:	**2008**	

Age of Callers Seeking Shelter

Under 17	5	0.6%
17 - 29	551	55.8%
30 - 39	329	33.3%
40 - 49	72	7.3%
50 - 59	26	2.6%
60 +	4	0.4%
Total:	**988**	

Breakdown of Shelter Seekers By Race:

Black	1279	64%
White	495	25%
Hispanic	41	2%
Unspecifi	193	10%
Total:	**2008**	

County of Caller

Dekalb	449	22.4%
Fulton	1321	65.8%
Gwinnett	46	2.3%
Cobb	65	3.2%
Clayton	87	4.3%
Douglas	30	1.5%
Rockdale	11	0.5%
Total:	**2008**	

	N	%
Persons who have applied for and are receiving food stamps	56	29%
Persons who have applied for and are not receiving food stamps.	39	20%
Persons who have not applied for food stamps	98	50.7%
	193	

RACE

Black	63%
White	29%
Hispanic	3%
Oriental	1%
American Indian	2%

AGE

(Children under sixteen were counted in parent form.)

17-29	33%
30-59	62%
60-over	5%

SEX

Male	75%
Female	25%

EDUCATION

1-6 years	4%
7-11 years	33%
High School Graduate	40%
Some College	14%
College Graduate	8%
Technical School	10%

BIRTHPLACE

Atlanta	19%
Other Georgia	15%
South (not Georgia)	28%

LIVED LAST FIVE YEARS

Atlanta	43%
Other Georgia	10%
South (not Georgia)	19%

AVERAGE INCOME AT PRESENT

(Only those with income included in average.)

Males	$716/mo.
Females	$472/mo.

AVERAGE COST OF LAST HOUSING

Males	$314/mo.
Females	$304/mo.

AVERAGE % OF INCOME PAID FOR HOUSING BEFORE HOMELESSNESS

Males	44%
Females	69%

AVERAGE FEE FOR SHELTERS THAT CHARGE

$6.95/day

WORKING

39% of all surveyed are were working at the time. Of those 61% were working part-time and 47% were working in labor pools.

HOMELESS MORE THAN ONCE

23% have been homeless before.

AMOUNT OF TIME SPENT IN SHELTERS IN PAST YEAR

0-3 months	55%
3-6 months	19%
6-12 months	26%

WHERE DID YOU LIVE BEFORE THE SHELTER?

House or Apartment	36%
With Friend or Relative	28%
Another Shelter	18%
Street	10%
Hotel/Motel	8%
Car	3%

NOTE: These are statistics gathered by the Task Force staff during the month of February and March, 1988, and represent information from 639 individuals who were living in shelters at that time. It is important to note that numbers of males and females reflect the kind of shelters open at the time. not necessarily the breakdown among the entire homeless population.

TASK FORCE FOR THE HOMELESS
363 Georgia Avenue, SE (2nd Floor)
Atlanta, Georgia 30312
(404) 589-9495

INTAKE STATISTICS

- 42% left their housing because they were evicted.

- Of the 122 people who gave prices of housing that was available, the average cost was $302/mo., which is 64% of the income of the average female and 42% of the income of the average male.

- Only 29% of those surveyed had applied for Food Stamps, but only 13% were receiving them.

- 36% said they had been denied public assistance they had applied for.

- 61% said they could not afford the housing they had investigated.

- 45% said the main obstacle to employment is transportation.

- 32% had placed their children in homes with other relatives, 3% with friends and 6% in Foster Care.

- 75% wanted job training and 59% wanted further education.

If we take the HUD FAIR 30% of these monthly incomes for housing, we see that for the males in shelter housing must cost no more than $214/mo. and for the females housing must cost no more than $141.60/mo. Even if we average those costs, we see that affordable housing is $178/mo. for the average income-earning homeless person.

TASK FORCE FOR THE HOMELESS

363 Georgia Avenue, SE (2nd Floor)
Atlanta, Georgia 30312
(404) 589-9495

NOTE: These are statistics gathered by the Task Force staff during the month of July, 1987. The numbers represent intake forms completed voluntarily by 294 individuals in night shelters during that month. We will repeat this process in February so that we have representative statistics from people in shelters during the summer and during the winter.

RACE

Black:	63%
White:	29%
Hispanic:	2%
Oriental:	2%
American Indian:	1%
Other:	1%

AGE

(Children under 16 counted with parent)

16-29:	38%
30-59:	53%
60-over:	9%

SEX

Male:	58%
Female:	42%

EDUCATION

1-6 years:	3%
7-11 years:	26%
High School Graduate:	36%
Some College:	21%
College Graduate:	8%
Technical School:	6%

BIRTHPLACE

Atlanta:	19%
Other Georgia:	14%
South (not Georgia):	39%
NE:	10%
Mid-West:	15%
West:	3%

LIVED LAST FIVE YEARS

Atlanta:	40%
Other Georgia:	7%
South:	27%
NE:	11%
Mid-West:	10%
West:	5%

AVERAGE INCOME AT PRESENT

(Only those w/income included in average.)

Males:	$620/mo.
Females:	$416/mo.
All:	$519/mo.

AVERAGE LAST RENT OR MORTGAGE PAYMENT BEFORE HOMELESSNESSS

Males:	$293/mo.
Females:	$291/mo.
All:	$292/mo.

AVERAGE % OF INCOME PAID FOR HOUSING BEFORE HOMELESSNESS

Males:	47%
Females:	70%
All:	56%

AVERAGE FEE FOR SHELTERS THAT CHARGE

$6.95/day

WORKING

40% of all surveyed are working; 25% in labor pools.

HOMELESS MORE THAN ONCE

22% have been homeless before within a year.

AMOUNT OF TIME SPENT IN SHELTERS IN PAST YEAR

0-3 mos.	60%
3-6 mos.	27%
6-12 mos.	13%

HOW MUCH WOULD HOUSING COST IF YOU COULD MOVE TODAY?

$304/mo. average

7/6/89

OTHER INFORMATION

70% of the people surveyed said they were in shelters because they cannot afford the housing that is available.

The main obstacle to employment is transportation.

Only 31% of those surveyed had applied for Food Stamps; of those 20% are receiving Food Stamps.

68% said they would like job training.

68% said they would like some kind of education.

NOTE: It must be noted that the race and sex of these people may indicate only the types of shelters open at the time of the survey. Of particular note is the fact that the new International Shelter is scheduled to open by Nov. 1; that shelter's participants would have changed the demographics considerably.

NOTE: The projected $304 rent for housing if it could be afforded would be 60% of the average net income reported. Also note that the percentages of income represented by the cost of housing are based upon NET income, not AVAILABLE income. The HUD income allowances are based upon available income, after deductions are taken for dependents and/or child care.

If we annualize the average monthly net earnings ($6,228) and take 30% as a fair amount for housing, we find that affordable housing for the average homeless person should cost no more than $155/mo.

September 8,1989

REACHINGOUT SOCIAL ACTION, INC.
Mattie M. Smith, Director
1402 Sargent Ave.S.E.
Atlanta, Georgia 30316
(404) 624-9653

Mr. Charles Hatcher, Director
U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON DOMESTIC MARKETING,
CONSUMER RELALTIONS, and NUTRITION
Room 1301, Longworth House Office Bluiding
Washington, D.C. 20515

Dear Mr. Hatcher & Committee

I am writing because I am a concern and caring citizen. Why in, the "GOOD OLE DAYS OF DEPRESSION", when there was no money nor jobs but people was better off then instead of now, where we are in the land of plenty? There is money and FOOD STAMPS What are the problems? Here are fews: 1. FAMILY - Back in the depression, 3 or 4 families lived in one home, but had to take care of their on family, but today if you live with your family, this is a handicap for food stamps. THINK ABOUT IT. 2.CHILDREN - When children come out of school and working, the rest of the family suffer, because of this. We all know teenage just getting out of school and working: (A) Do not give all of their earning in the home. (B) Some don't contribute at all. Why not give the other part of the family three(3) months adjustment period before being cut off, because it was'nt enough food stamps in the beginning, but it did help and already having hardships or there is illness in the home. 3.EMPLOYMENT - If you start to work today, you are cut off today. No adjustment period here. 4. HARASSMENT/ THREATEN - When there are complaints there are not enough food stamps ($10.00 -$27.00 for the month), you are told you don't need the food stamps, medicare nor the check. Not trying to found out what is taking place in the home, such as thereare other bills that is not counted in the food stamp report. Why not add other essential bills, such as furniture, refrigator, and stove. 5. HOMELESS - Some of the homelss have to wait fourteen(14) days. but it stated 5 days, this is to long when you are hungry now. Why the wait? This one one of the reason they are refusing food stamps or treated so bad in front of people. They are not treated like people. Lets stop this.

Let's fill in the gap, not take away and keep the standard food. Who job is it ? It is your job to straighten this problem out, so please look into these true fault finding and do something about it.

FIGHT HUNGER IN GEORGIA

Georgia Citizens
Coalition on Hunger
818 Washington Street, Room E-02, Atlanta, GA 30315
Dian Jones Wilson, Executive Director (404) 584-7141

INFORMATION SHEET
September 7, 1989

The following information has been compiled by the Georgia Citizens' Coalition on Hunger, Inc. while providing the Georgia Hunger Hotline service. This service started November 15, 1989. The figures reflect calls received from November 15, 1989 through August 31, 1989.

732 households called for food assistance
1,146 adults
1,467 children
2,603 residents received assistance

During the months of July and August 1989 we documented zip code areas with the greatest need for food assistance.

30315-has the greatest need
2 food pantries service the area

30310-has the 2nd greatest need
5 food pantries in the area, not always open

30314-has the 3rd greatest need
6 pantries were in the area, now there are 3

30316-has the 4th greatest need
1 pantry which services small families

30313-ties for 4th greatest need
0 pantries

30311-has the 5th greatest need
1 pantry

30312-has the 6th greatest need
8 pantries at first, 7 now, 1 of which closed for the summer

30318-has the 7th greatest need
9 pantries

30032-ties for 7th greatest need
1 pantry

Georgia Citizens' Coalition on Hunger, Inc.
Information Sheet
September 7, 1989

Pantries usually are out of food the end of the month and the beginning of the month. Sometimes they run out of food earlier than anticipated and can not restock. Most pantries service their own zip code area or surrounding zip code areas which makes it hard to locate food for people in areas where there are no pantries or the pantries in their area are out of food.

The following is an approximation of three digit zip code areas and the amount of zip codes under the three digit zip code without pantries:

300 - 65 zip codes without pantries

301 - 30 zip codes without pantries

302 - 70 zip codes without pantries

303 - 41 zip codes without pantries

It is difficult for clients to receive referrals from the Foodstamp office to be used at the food pantries. Many times referrals are not given out after 10:00 a.m.. This means that the family in need of food assistance can not receive assistance until the next day, by then the pantry might be out of food. Some clients are being told they can only receive one food referral from the Foodstamp office. It takes 30 to 45 days for the average case to be processed, and foodstamps received. Pantries only provide enough food for 3 to 5 days on the average. Therefore more than one food referral is needed to give the clients proper assistance. In July 1989, the 4th of July holiday caused clients to receive their foodstamp allotment 1½ to 2 weeks late. Yet the majority of clients who called the Foodstamp office to find out what was happening were not told to come in for food referrals or given food by those Foodstamp offices which have supplies on hand.

Many clients do not have transportation or bus fare to go to pick up the food. There is one pantry in Tucker which services delivery to surrounding areas. There is also one family in Atlanta who ministers food to the needy and will deliver. On occasion it takes 4 days to connect a client with available food because of transportation difficulties.

The GCCOH expects an increase in the amount of calls received on our Hunger Hotline when we openly publicize the number. We have difficulty now connecting clients with food providers, what will happen when the Hotline becomes well known? Our Hunger Hotline is only one of several lines in Atlanta. Sometimes we are called by the other hotlines to help find food. Sometimes pantries out of food call to find places to send clients. This information is based on records available to our office, information received from clients calling in, food provider workers and agencies calling for information.

FORMULATION OF THE 1990 FARM BILL
(Food Stamp Program)

TUESDAY, OCTOBER 31, 1989

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DOMESTIC MARKETING,
CONSUMER RELATIONS, AND NUTRITION,
COMMITTEE ON AGRICULTURE,
Washington, DC.

The subcommittee met, pursuant to notice, at 1:35 p.m., in room 1302, Longworth House Office Building, Hon. Charles Hatcher, (chairman of the subcommittee) presiding.

Present: Representatives Staggers, Espy, and Emerson.

Also present: Representative E (Kika) de la Garza, chairman of the committee.

Staff present: Joseph Muldoon, assistant counsel, John E. Hogan, minority counsel; Alice Devine, minority associate counsel; Glenda L. Temple and Grace McGovern, clerks; Julia M. Paradis, Dean Mitchell, Anita Brown, and Lynn Gallagher.

OPENING STATEMENT OF HON. CHARLES HATCHER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. HATCHER. The hearing will come to order.

Good afternoon to all of you and welcome to this hearing on reauthorization of the Food Stamp Program.

As you all know, the Food Stamp Program is due to be reauthorized in the 1990 farm bill. This opportunity to fully review the program gives us a chance to further hone the premier nutrition assistance program in the country.

I welcome this opportunity and look forward to working with the groups represented by the witnesses to develop a legislative package that maximizes both the value of the program for the Nation's poor and hungry and the efficiency of the program.

In 1977, 13 years after enactment of the 1965 Food Stamp Act, the act was totally rewritten. It is now 13 years since then and someone recently suggested, in jest I hope, that it must be time for us to completely revamp the 1977 act.

I do not think that is necessary, not only because the task would be formidable, but because there is no need to completely restructure the program. It is a program that, over time, has been modified and changed into a nationwide benefits delivery system that works well to help feed those in need.

The Food Stamp Program is in the finest American tradition of reaching out to help those who are down and out. It is our job on this subcommittee and on the Agriculture Committee to assure that the program reaches those people, and that eligible families are well served by the program, that administrative burdens do not so bog down the system that caseworkers cannot adequately do their job of helping their clients.

The challenge is great. We acknowledge that the Food Stamp Program is a tried and tested program, and yet we continue to monitor its administration so that we might maintain its relevancy to current conditions.

As we take up this challenge, I appreciate the help we expect to receive from all of you parties interested in the Food Stamp Program and those it is designed to serve.

I look forward to a process in which we will work together for the betterment of this critical program. I thank you witnesses for your attendance here today, as well as others in the audience, and look forward to the testimony we will hear this afternoon and again tomorrow morning.

At this time I would recognize Congressman Bill Emerson for an opening statement.

OPENING STATEMENT OF HON. BILL EMERSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI

Mr. Emerson. Thank you, Mr. Chairman.

First of all, I want to thank you and commend you for holding this 2-day hearing on the reauthorization of the Food Stamp Program. This, coupled with our scheduled hearing next month on the commodity distribution programs, will continue the subcommittee hearings on programs to be included in the 1990 farm bill.

I am very pleased that the subcommittee under your leadership, is being both prompt and thorough by ensuring that we will fully explore the issues that are going to become a part of the Food Security Act of 1990.

The issue of how to best provide assistance to low-income individuals and families is of great importance. Over the past 7 years, I have served as the ranking Republican member of this subcommittee. I have accompanied our current chairman and the previous chairman on field hearings across the United States. I have been to food banks, soup kitchens, and welfare offices. I have had the opportunity to personally speak with both, families in need of assistance and those who are providing the assistance. I feel very strongly that in our Nation of abundance, that it is a tragedy if any child or elderly person or anyone goes hungry. We are a generous country—both through Government programs and through the private sector as well.

This year the Department of Agriculture nutrition assistance programs alone provide for almost $22 billion in food aid.

Private sector contributions to various nonprofit organizations regularly increase from year to year and are several times the amount of the Government assistance. And yet, there is no dispute that need exists, both in urban and rural areas of the United States.

It is my hope that through our hearings and the reauthorization of food stamps and other programs that we can fully examine the needs and that we can craft an appropriate response to the problem that does exist.

Last year, the Congress passed, and the President signed, a hunger prevention bill at a cost of about $3 billion spread over 5 years. The overriding principle that was incorporated was that the bill should provide additional benefits to needy people without further complicating the Food Stamp Program or other programs.

This principle is reinforced by the addition of a section on the reform of the Food Stamp Quality Control/Fiscal Sanction System, a process we had been working on since May 1986.

It makes little sense to me to reform the tool used to assess the management and accountability of the States' administration of the Food Stamp Program and then further complicate what is an already complicated program.

It is now time to take a thorough look at these programs, especially the Food Stamp Program, to see if the goals of that program are being met in an effective and efficient manner and how the administration in the delivery of benefits can be improved.

Thank you very much, Mr. Chairman.

[Attachment follows:]

THE 1988 HUNGER PREVENTION ACT

- TEFAP WAS REAUTHORIZED FOR 1989 AND 1990 AND $120 MILLION FOR EACH OF THOSE YEARS WAS AUTHORIZED FOR THE PURCHASE OF COMMODITIES AND $50 MILLION WAS PROVIDED FOR ADMINISTRATIVE COSTS FOR EACH OF THE TWO YEARS.

- $112 MILLION, OVER A THREE YEAR PERIOD, WAS AUTHORIZED FOR THE PURCHASE OF COMMODITIES FOR SOUP KITCHENS AND FOOD BANKS SERVING THE HOMELESS.

- BASIC FOOD STAMP BENEFITS WERE INCREASED FOR 1989, 1990 AND 1991.

- STATES MAY INSTITUTE AN OUTREACH PROGRAM IN WHICH INDIVIDUALS ARE ADVISED ABOUT THE BENEFITS OF THE FOOD STAMP PROGRAM.

- THERE WERE SEVERAL CHANGES AIMED AT SIMPLIFICATION AND COORDINATION OF THE FOOD STAMP PROGRAM WITH OTHER PROGRAMS.

- THE FOOD STAMP QUALITY CONTROL/FISCAL SANCTION SYSTEM WAS REFORMED. THE NEW SYSTEM IS IMPARTIAL, EFFICIENT AND ONE THAT, I HOPE, WILL HAVE THE CONFIDENCE OF ALL INVOLVED THAT A FAIR DECISION CAN BE REACHED.

Mr. HATCHER. Thank you, sir.

Our first witness today is the Honorable Robert E. Wise, Jr., a member of Congress from West Virginia.

Welcome, to you, Bob.

Mr. WISE. Thank you.

STATEMENT OF HON. ROBERT E. WISE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WEST VIRGINIA

Mr. WISE. Thank you very much, Mr. Chairman, Mr. Emerson. I appreciate the opportunity to appear before you and would ask unanimous consent to include my statement in its entirety in the record and I will just summarize, if that is all right.

Mr. HATCHER. Without objection, so ordered.

Mr. WISE. Mr. Chairman, I am not interested in totally revamping the Food Stamp Act either. In fact, what I am here before you today is to see if we can keep it the way it was, or at least the way it was once interpreted.

Specifically the problem we bring before you is concern over recent rulings by the U.S. Department of Agriculture's Food and Nutrition Service regarding some critical State benefit programs and their treatment as income to the recipient.

And if it would be agreeable, I would like to offer to this panel, the record, we created in our hearing in Government Operations as part of my statement.

In my home State of West Virginia, a yearly $100 school clothing allowance has been in place for 19 years. Last year FNS decided that it had been making a mistake for nearly two decades and ordered the State to count participation in the program as income. This reduced food stamp allocations for the month the clothing vouchers were received.

This presented 20,000 of West Virginia's most needy families with the decision of whether to clothe or feed their children. So in the month of August, in order to take the $100 clothing voucher, they would have to sacrifice $33 worth of food stamps for each child.

The FNS ruling was challenged successfully in the District Federal court in West Virginia, but has since been appealed by the USDA.

I would also state that there are other States with similar problems. Perhaps in some ways the most glaring example of the problems brought about by facing a choice of accepting a special needs payment or the reduction of food stamps comes from the State of Washington.

Since 1977, the State of Washington has had in place a program providing $33 per month for food for guide dogs for the blind, but yet what is becoming a distressing pattern, FNS has decided that the dog food allowance is income for the blind person. Therefore, a blind person—one of whom submitted testimony to our subcommittee from the State of Washington states:

> I don't understand why the department of State human services counts the money I receive for dog food as money I can spend on myself. If I didn't have the dog, I wouldn't get the additional $33 and would receive food stamps based upon my basic income. That would leave barely enough money for food for myself, but because the

DSHS now reduces my food stamps because of the guide dog benefits I receive and spend on the dog, I have fewer food stamps to purchase my own food.

In effect, this lady has to choose between food stamps for herself and in a sense, food stamps for the dog—dog food versus food stamps.

There are several other instances across the country. I have, therefore, introduced, along with my colleague, Congressman Harley Staggers, H.R. 3542 amending the Food Stamp Act of 1977 to require that certain children's clothing allowance and certain costs associated with the seeing eye and hearing dogs be excluded from income in determining food stamp allocations.

We are also urging GAO to look into this. I hope that this subcommittee will consider remedying this problem. As I say, we are not asking for new legislation revamping the program. We are asking simply that what was assumed to be the practice be continued as such.

I have been talking, as we have been waiting, with Assistant Secretary Bertini and I appreciate her interest in this and FNS' interest and hopefully we can bring this matter to a close.

The most important thing is that next August our school children in West Virginia and in some other States, Mr. Chairman, not have to choose between winter clothing or food stamps.

I thank you very much for the opportunity to appear before you.

[The prepared statement of Mr. Wise appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you, Mr. Wise, and I thank you for your testimony and for offering your hearing record for our use in this subcommittee.

I share your concern about how FNS has chosen to implement the provision of the Food Stamp Act that has affected you in West Virginia.

You presently have a court injunction or ruling that allowed the people to have both this year, at least.

Mr. WISE. Yes, sir. This year they will have both. If there is a hearing in front of the Fourth Circuit Court of Appeals in Richmond and should the district court be overruled, then presumably next year we would be back in the same box again.

I just would like to stress that there is a pattern here of almost two decades of permitting this practice without any question. It was only last year that it was questioned.

Mr. HATCHER. Well, I look forward to working with you to see if we cannot resolve that legislatively if it is not definitively resolved in the judiciary.

Mr. WISE. I appreciate it very much, Mr. Chairman.

Mr. HATCHER. Mr. Emerson.

Mr. EMERSON. I look forward to working with you.

Mr. WISE. Thanks. Thank you very much.

Mr. HATCHER. The subcommittee will stand in recess until we vote on the floor of the House, approximately 10 or 15 minutes.

[Recess taken.]

Mr. HATCHER. The hearing will reconvene.

Chairman de la Garza, it is good to see you here. Do you have an opening statement to make or comments for the subcommittee?

The **Chairman**. Just to welcome the new Assistant Secretary, Mr. Chairman, and later I have some questions that I may ask.

I apologize, I am going to have to be attending two meetings at the same time. So I will be coming and going.

I told Ms. Bertini that you all were under orders to be nice to her the first time she is here. [Laughter.]

Thank you, Mr. Chairman.

Mr. **Hatcher**. Thank you and Ms. Bertini, I would like to compliment you on your appointment and welcome you here to testify today.

STATEMENT OF CATHERINE A. BERTINI, ASSISTANT SECRETARY, FOOD AND CONSUMER SERVICES, U.S. DEPARTMENT OF AGRICULTURE

Ms. **Bertini**. Thank you, Mr. Chairman. I do have some prepared remarks.

Mr. **Hatcher**. Your written statement will be made a part of the record in its entirety. You are free to read it or paraphrase it, or proceed as you wish.

Ms. **Bertini**. Thank you, Mr. Chairman and thank you members of the committee.

It is a pleasure to be here today, and I appreciate the opportunity to join with you to begin consideration of the food stamp portion of the 1990 farm bill.

We share the same goals that you outlined, Mr. Chairman, in your letter of invitation in looking to explore, "Ways to make the program more receptive to the needs of recipients and more efficient in its administration."

I think you mentioned issues relating to that today as well. Since I have come from 2 years at the Department of Health and Human Services, I can tell you that my objective there and here will be the same and that is to work to design programs with the best interest of the client or the perspective client population at heart.

I think we can move in this direction within the context of the challenges that the budget deficit presents, but we always, of course, have to consider those as well.

I have met with many folks in the past few weeks since I have joined USDA, including you and Mr. Emerson, including congressional staff, food stamp directors, advocacy group leadership, and, of course, administration officials to discuss concerns in the farm bill.

And while I will not go into all the details, I think, Mr. Chairman, that there are really three general directions that we are talking about.

One is the issue of complexity, the fact that the Food Stamp Program seems somewhat complex to so many folks, particularly to case workers. I had the opportunity, when I was in Alabama at the State food stamp directors' meeting, to go to a food stamp office, and I actually went through the process of applying for food stamps.

I will refer to that later, but I had the chance to have a long talk with a caseworker and actually see some of these issues of complexity that she had to deal with firsthand.

I then came back and asked to look at some manuals that caseworkers use. This is the manual of regulations that New York caseworkers, for example, have to deal with when they are working each day. Just the size alone certainly suggests that the complexity is something that we should address.

The second issue is the issue of conformity. I hope one of the strengths I bring to this position, having spent 2 years in the AFDC Program, is the opportunity to review both programs for ways in which the Food Stamp Program and the AFDC Program can work in more conformity.

As we are considering conformity between AFDC and food stamps we should look at other programs as well. I have a directive from my boss, Secretary Yeutter, to be drafting a letter that he would send to Secretary Sullivan at HHS to begin the formal process of the USDA and HHS working together on these conformity issues.

We certainly hope that we will work not only with our very competent staffs, but also with staffs from the Hill, States, counties, and other interested groups as well.

Then finally, we have the fiscal concerns. Those are the concerns that we all share, Congress and the administration, in trying to continue programs or work to improve programs, but manage that within the fiscal constraints that we all know so well.

I can assure you that we will do our best at USDA to continue to develop some positive approaches to the Food Stamp Program, but at the same time being concerned about the fiscal consequences.

That concludes my remarks, Mr. Chairman, and I would be delighted to answer your questions.

[The prepared statement of Ms. Bertini appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you very much.

We will be anxious, of course, in the coming months to learn the specific proposals of the administration regarding food stamp reauthorization and we would be pleased to have you back early next year, maybe February, to testify regarding those recommendations.

You heard Mr. Wise's testimony regarding the clothing allowance and how that impacts on the food stamp recipients in West Virginia, and an even more horrendous example in Washington State about the dog food.

Do you have any comment to make on those two situations?

Ms. BERTINI. Sure. I think that both situations are regrettable. They are both difficult situations certainly for the clients and for the managers of the Food Stamp Program to deal with.

I have asked for a briefing about the West Virginia situation. The Washington State situation has only recently come to our attention. But, in terms of West Virginia, I can assure you that we will be working to try to find the best way to resolve that problem so that children do not have to lose food stamps in order to gain the clothing.

We will look at whether or not we can do something administratively, and we will continue to talk with Congressman Wise and others about whether or not there is an appropriate way to handle it legislatively.

Mr. HATCHER. I have heard that USDA has made the decision to appeal or has appealed the West Virginia ruling. Is that correct?

Ms. BERTINI. USDA recommended, in early October, to the Department of Justice that they should appeal. It is now the decision of the Solicitor General at the Department of Justice as to whether or not we should appeal.

Mr. HATCHER. Thank you. Mr. Emerson.

Mr. EMERSON. Thank you, Mr. Chairman.

Welcome, Madam Secretary.

Ms. BERTINI. Thank you.

Mr. EMERSON. It is good to have you here and we do look forward to working very closely with you. We think that you have a lot to offer to the position that you are currently occupying and are delighted with the background that you have had that lends itself very well to what you are now doing.

The Food Stamp Program is estimated to cost about $15 billion in 1990. Yet, we know that not all of the needy families who are eligible participate in the program. This is a chronic and persistent problem.

What is the story over the course of an entire year? How many families participate in the Food Stamp Program during a year and what is the average length of that participation, and what needs to be done to ensure that people who are entitled to benefits indeed know that they are entitled to them and making information available to them?

Ms. BERTINI. If I can answer the second part of your question first, Mr. Emerson.

The program is one that obviously is available to all eligible people and I think you are correct that sometimes there are people who are eligible who do not come to the program.

I believe, and I have already talked to staff about the fact that there could be ways that we could encourage the States beyond what we are already doing to do some sort of outreach, particularly selected outreach toward particular communities where they have found that there are larger numbers of people who are not being served.

So we are looking right now at the opportunities that we might have to encourage States to do outreach.

As far as the specific numbers are concerned that you asked for, I would like to present those numbers to you for the record.

Mr. EMERSON. Have you had an opportunity yet to familiarize yourself with the continuing survey of food intake by individuals?

Ms. BERTINI. No, I have not.

Mr. EMERSON. Well, there is such a survey and I would like to know what you think about it. One of my interests is in reforming the welfare system so that families in need do not have to go from place to place to place to get the kind of help that they need and I refer to this as one-stop shopping. I will be interested as we work together and as you work with the subcommittee for you to make us familiar with your views on how we might better streamline delivery of benefits to people and particularly with your background at HHS, how we might better coordinate AFDC with food stamps and other nutrition programs.

I do have other questions, some rather lengthy ones, that I would like to submit for the record just basically to share with you that these are areas of mine. I will not belabor them here today, but we will submit them to you in writing and as appropriate opportunities present themselves, I would like to have the opportunity to discuss them with you.

Ms. **Bertini**. Thank you, Mr. Emerson, I will be happy to have those discussions with you and to respond specifically to your concerns.

Mr. **Emerson**. Thank you.

[The material follows:]

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

DEC 11 1989

Honorable Bill Emerson
Ranking Minority Member
Subcommittee on Domestic Marketing,
  Consumer Relations and Nutrition
Committee on Agriculture
House of Representatives
Washington, D.C. 20515

Dear Congressman Emerson:

It was a pleasure to have the opportunity to meet you at the hearing of the Subcommittee on Domestic Marketing, Consumer Relations and Nutrition on October 31, 1989. I look forward to working with you and your staff.

Enclosed are responses to questions you posed to me and that we received since the hearing. Should further information be desired, please let me know.

Thank you.

Sincerely,

Catherine

Catherine Bertini
Assistant Secretary for
  Food and Consumer Services

Encloure

Question: The Food Stamp Program is estimated to cost $15 billion in 1990, and yet we know that not all of the needy families who are eligible participate in the program--based on average monthly data. What is the story over the course of an entire year? How many families participate in the Food Stamp Program during a year and what is the average length of participation?

Answer: The Food Stamp Program, as you noted, does not reach all those eligible for benefits, but it does reach most eligibles--particularly those most in need. Participation rates are much higher among those who qualify for higher benefits than among those who are eligible for lower benefits. Thus, while two-thirds of all eligible persons participate in the program, they receive four-fifths of the benefits that would be paid if all eligibles participated.

The program serves significantly more--about 50 percent more--households over the course of a year than in any given month. For example, in 1990, we expect about 18.7 million individuals in 7 million households to participate in the program each month, but over the course of the entire year we expect to reach 28 million people in 10 million households.

The Food Stamp Program has a substantial mix of both short-term and long-term participants. Half of all new participants leave the program within six months. Because some households stay on the program for much longer, the average length of continuous participation for new food stamp households is about 18 months. There is a good deal of variation in average stays for different types of recipients, however. In general, households with AFDC, more children, fewer adults, older heads of households, or households headed by nonwhites tend to have longer continuous spells of participation.

Question: What data does the USDA have concerning the nutritional status of food stamp participants? I know that the USDA conducts the Continuing Survey of Food Intakes by Individuals. What can you tell us about the findings of this survey?

Answer: USDA has examined data from two nationally representative food consumption surveys -- the Continuing Survey of Food Intakes by Individuals (CSFII) and the Nationwide Food Consumption Survey (NFCS). Information from these surveys is useful for measuring the dietary intakes of households that receive or are income eligible for food stamp benefits.

The NFCS is the best source of information available for examining the nutrient intake of the food stamp population because it is representative of the low income population. The NFCS 1979-80 data indicate that food stamp households are more likely to achieve the Recommended Dietary Allowances (RDA's) than eligible nonparticipants. The number of food stamp households that met the RDA for 11 nutrients (46 percent) was about the same as for those in the general population (50 percent), and substantially higher than low-income nonparticipating households (34 percent). Additionally, food stamp households spend, on average, more money on food and obtain more nutrients per dollar than eligible but nonparticipating households.

Although data from CSFII are limited in that they focus on a subset of the population (women and their young children), they support the findings from the more comprehensive NFCS. Low-income women and children were surveyed due to their higher risk for nutritional problems. A comparison of the 1985 CSFII results to similar data collected for NFCS in 1977 indicates nutrient intake among young children increased for all nutrients studied. For women, nutrient intake was generally the same or slightly higher. The data also indicate that low-income women and children achieve the RDA's at similar levels to women and children in the general population.

CSFII data are also aggregated according to participation in the Food Stamp Program. Mean nutrient intakes of FSP women and children, as expressed as a percentage of the 1980 RDA's, are the same or higher than those that do not participate. Since the new RDA's are generally the same or less than the 1980 recommendations, we would expect similar or higher nutrient achievement levels if the data were reassessed.

Question: One of my interests is reform of the welfare system so that families in need do not have to go from office to office to receive help--I refer to this as one-stop-shopping. Do you have any suggestions on how to achieve this?

Answer: This is a high priority for me during my tenure as Assistant Secretary. I believe that my background at HHS can help move our process along to build more compatibility between at least AFDC and Food Stamps, if not other programs as well.

In addition, the Department of Agriculture is taking steps to make the food stamp program easily accessible to poor families in need. Many food stamp provisions are designed to limit the need for applicants to travel to several offices and fill out several applications for assistance. Social Security offices are permitted to accept food stamp applications and are reimbursed by USDA for costs related to accepting these applications. States may use joint applications for food stamps and other programs such as AFDC and SSI to reduce the burden to applicants. In addition, as required by the Hunger Prevention Act of 1988, the Secretary of Agriculture, in conjunction with the Secretary of Health and Human Services, has begun to assist States in developing simplified applications for food stamps, AFDC, and Medicaid.

Question: Families can receive food stamps if the family income is below 130% of the poverty level ($15,732 per year for a family of four); if the family's assets are below $2000, exclusive of the home and essentials; and, if able-bodied adults participate in the Employment and Training Program. Can you tell me why a simple concept such as this has developed into such a complicated program and what we can do to make life easier for both participants and administrators?

Answer: As the program matured, frequent changes occurred, often as a result of congressional action, to accommodate special cases or certain groups.

One way of reducing some of this complexity is to better align the day-to-day procedures for our various federal assistance programs without compromising the identity and objectives of the separate programs. High on the Administration's list of priorities is achieving more compatibility with AFDC in a number of program areas, including employment and training rules. Making the rules for AFDC and Food Stamps more comparable would ease some of the burden currently placed on participants and eligibility workers.

Question: Please give me some examples of the USDA's and the states' efforts to ensure program integrity and better management of this program. We must make sure that benefits are going to needy families and that States administer an effective and efficient program.

Answer: For every area of program operations, USDA has in place a system for measuring compliance with program requirements and for ensuring corrective action where deficiencies are found. These systems generally require the States to monitor their own program and then USDA both reviews the State system of self-evaluation and does direct monitoring as well.

Benefit accuracy is measured through the quality control system in which samples of cases are reviewed by the States and a smaller subsample is reviewed by Federal reviewers to determine a payment error rate. States with excessive error rates are subject to financial claims and must engage in corrective action to lower their error rate. States with low error rates receive incentive funding.

There are also specific requirements for reviewing civil rights compliance and for monitoring the integrity of issuance bulk storage points. States are responsible for any loss of benefits through the issuance process (there is a tolerance level for mail issuance only). Other program requirements are monitored by management evaluations. The Agency selects target areas for State and Federal review each year, but all other program requirements come under this system as well. States are financially responsible for program losses and must again engage in corrective action to eliminate deficiencies. In addition, FNS has the authority to withhold funds from any State which does not correct program deficiencies. Federal employees are responsible for monitoring of grocery stores and other retailer outlets.

Over the years, States and localities have developed a large number of corrective actions to improve program performance. Some are general problem solving approaches and others are specific to each area of program operations. Corrective actions to improve payment accuracy have included specific performance standards for county directors, supervisors and workers; supervisory case reviews; error prone profiling; and front end investigations. Techniques such as applicant information packets; recipient orientation groups; and application assistance for the homeless have improved benefit accuracy and the quality of service at the same time. Current EBT demonstrations reflect the history of change and experimentation that has characterized State efforts to minimize issuance loss over the years. These and other State efforts to ensure program integrity and better management of this program are described in more detail in the publication Food Stamp Program Catalog of Program Improvement Activities.

In addition, we are beginning an initiative to try to discuss program compatability with other related programs (i.e. AFDC, Child Support, and JTPA) in order to better deliver services to needy families and to operate more efficient programs.

Question: Can you please describe some of the innovative programs operated by the USDA within the Food Stamp Program--- those that are aimed at improving the program or testing new ideas?

Answer: There are several innovative programs operated by USDA within the Food Stamp Program. USDA is seeking to improve administrative efficiency through use of electronic benefit transfer technology. Instead of coupons, food stamp recipients are provided with plastic cards. When groceries are purchased with the card, the purchase amount is automatically deducted from the recipient's monthly food stamp allotment. This technology can potentially save FNS the cost of issuing coupons on a monthly basis. It can also eliminate mail loss. The cost-effectiveness of this program is being tested in four new sites: Washington State, Minnesota, New Mexico and Maryland. Ongoing testing is being conducted in Reading, PA.

In the area of streamlining programs and improving efficiency, the Low-Income Opportunity Board provides an opportunity for USDA to work with States interested in improving welfare programs. To date, 13 States have proposed ideas to streamline or simplify Food Stamp Program administration. Four of these programs have started up.

Finally, to help food stamp recipients achieve economic self-sufficiency, Food Stamp Employment and Training programs designed by State agencies have been operating since April, 1987. The programs provide services such as job search, training, work experience, and vocational and basic training.

Question: Does the USDA participate in the White House Low Income Opportunity Board? Please give the Subcommittee some examples of the activities of the Low Income Opportunity Board.

Answer: The Assistant Secretary for Food and Consumer Services serves as USDA's representative on the White House Low Income Opportunity Board. The Board is the focal point within the Federal Government for coordinating policies to aid low-income individuals and to encourage and facilitate State welfare reform demonstration projects. Currently, the Board is discussing the ongoing initiatives of the Bush administration to aid low-income families as well as additional approaches that might be considered.

Fourteen States have submitted proposals to the Low Income Opportunity Board for welfare reform demonstration projects requiring food stamp waivers. The authority to conduct demonstration projects designed to test program changes that might increase the efficiency of the program and improve the delivery of food stamp benefits is limited to projects that do not restrict eligibility or reduce benefits - except in the case of projects that pay the average value of allotments by household size in the form of cash. They are also required to decrease dependency, be budget neutral, and provide for sound evaluations.

Demonstration operations affecting food stamps have begun in Washington State, Ohio, New York, West Virginia, and Maryland. Alabama is scheduled to implement its demonstration in early 1990. Proposals submitted by three other States are currently pending. Popular themes for food stamp waivers have included enhanced work programs and requirements, program simplification and conformity with AFDC, and food stamp cash-out.

Mr. **Hatcher**. Chairman de la Garza, do you have questions of the witness?

The **Chairman**. Yes, very briefly, Mr. Chairman. Thank you very much.

The first question, we know you as Food and Nutrition, but you list yourself as Food and Consumer Services.

Ms. **Bertini**. Yes.

The **Chairman**. What happened along the way?

Ms. **Bertini**. It is confusing the way the names are set up. The Food and Nutrition Service is the agency that manages the Food Stamp Program. They actually report to the Assistant Secretary for Food and Consumer Services. The other two entities that report to the Assistant Secretary are the Consumer Advisor—every Department has a Consumer Advisor and ours, of course, is very active—and the Human Nutrition Information Service.

So there are really three entities that report to the Assistant Secretary for Food and Consumer Services. There has been the suggestion in the past, Mr. Chairman, that we might consider that a more appropriate name would be the Food, Nutrition, and Consumer Service.

The **Chairman**. Well, consumer is very appropriate and I just wanted to clear that up. We call it Food and Nutrition or if we call it Food and Consumer, it is still you.

Ms. **Bertini**. Yes, sir.

The **Chairman**. I have two questions that are really not questions, but something that you might submit for the record. One of them is with the recent disasters in South Carolina and California. In an experience that I had way back in 1967 we had a flood in my area—a hurricane and flood. How is the emergency food handled? We know there are commodities given somehow. We know that the overall agency dealing with the Federal involvement in disasters is FEMA. How do you fit in with FEMA? And the commodities that you make available within the State, to whom are they made available?

Later the chairman is going to bring in some people I think from South Carolina. But the question is, from your perspective, how do you relate to the overall situation? Do you act independently or do you act through FEMA?

We know commodities are given. I want to know to whom and how.

Ms. **Bertini**. I will answer preliminarily and then give you more details, Mr. Chairman.

First of all, in the South Carolina situation we did, as you mentioned, provide food and emergency food stamps. We worked very closely with the State of South Carolina. In fact, I had a briefing by the regional administrator about exactly how we worked with the State. It was very much a coordinative effort.

Also, Federal employees from around the Southeast and State employees from other agencies outside of South Carolina came in to help in administering the program.

We found a lot of people who were very complimentary about how the food was delivered in South Carolina. Our regional office is making presentations to others about exactly what they did.

I have also asked them, as soon as the San Francisco situation calms down a bit more, to meet with their counterparts in San Francisco in order to see exactly what did work in both places so we can document that, what did not work so that we can improve our operations in emergencies, and then finally, to be able to do additional things like developing a standardized emergency form for emergency food stamps.

Now two issues that I would like to answer for you for the record; one is, exactly what our relationship is with FEMA, and the second is exactly who was on the food lines. I believe it was anyone in need of food, but exactly how that happened I would like to answer for the record.

The CHAIRMAN. I also know that the Salvation Army and the Red Cross are involved in feeding. But I do not know if this is through their own resources or is there Federal support. How do you interact with the Salvation Army and the Red Cross?

It appears the devastation was more widespread in South Carolina. It appears that you saw their problem with feeding people. You did not see it, on the 6 o'clock news at least, as readily in California. So you saw it in one place and you did not see it in the other place.

Ms. BERTINI. I understand the situation was much more complicated in South Carolina because, as you mentioned, of the extent of the devastation. There were two zip codes in San Francisco that were affected as opposed to quite a large area of South Carolina, which is one of the reasons I think why you may have seen it in one area and not another.

We did have volunteer organizations which were providing food and then we had USDA food shipped from as far away as Illinois that was used on the food lines served by volunteers, and our folks also were a part of that and assured us that they were good quality meals.

The CHAIRMAN. That is what I would like to find out, to whom was it turned over to.

Ms. BERTINI. Yes.

The CHAIRMAN. If I could, just one more moment, Mr. Chairman.

Our colleague, Mr. Emerson, mentioned outreach. I wonder if you could get for me—for the record—outreach to minorities, let us say native Americans and Hispanics.

I would like to see whatever your doing. You may have radio or television, written, whatever, and when it was used: October 31, 2 years ago, 1 year ago, 6 months ago, or today. What copies or facsimiles or whatever of what outreach you have to native Americans and to Hispanics on food stamps—newspaper, radio, television, or other media.

Ms. BERTINI. We will provide that.

[The material follows:]

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

November 14, 1989

Honorable E. (Kika) de la Garza
Chairman
Committee on Agriculture
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

It was a pleasure to have the opportunity to meet you at the hearing of the Subcommittee on Domestic Marketing, Consumer Relations and Nutrition on October 31, 1989. I look forward to working with you and your staff.

Enclosed are responses to questions you posed to me and that we received since the hearing. Should further information be desired, please let me know.

Thank you.

Sincerely,

Catherine

Catherine Bertini
Assistant Secretary for
Food and Consumer Services

Enclosure

1. What are the actual procedures for making food stamps and commodities available in the aftermath of disasters such as Hugo and the Bay area earthquake?

In disasters that receive a Presidential declaration as Hugo and the Bay area earthquake did, the following procedures apply.

Food Stamps

Once a State requests authorization for emergency issuance of food stamps and provides supporting information, the Administrator of FNS examines the supporting information and either denies, approves or grants limited approval of the request. Based upon the number of people affected by the disaster, the availability of commercial channels of food supply and the expected duration of the emergency, the Administrator determines the level of benefits to be issued to eligible households and the duration of the authorization period. Once the disaster request is approved, the appropriate FNS Regional Office works with the State to ensure that benefits are provided expeditiously to all eligible households. The certification process is highly abbreviated in the emergency program relative to the ongoing Food Stamp Program. Households that were on the ongoing program prior to the disaster can also obtain replacement food stamps if the disaster caused a loss of stamps or food purchased with stamps.

Commodities

If commercial channels of food supply are not open, a State may request that USDA commodities be provided directly to households. With the FNS Administrator's approval, the State would then distribute commodity packs, often through the Red Cross, to eligible households. Again, the Administrator would designate the time period of such distribution based upon various factors including when commercial channels are expected to reopen. The commodities issued to households could come from State stocks of USDA foods, FNS warehouses or could be bought directly from suppliers.

Congregate Feeding

Congregate feeding at shelters and other sites selected by the State usually begins immediately using USDA foods that are on hand in local schools. If the food stocks are on hand are insufficient, FNS arranges to have additional food transported to the disaster area. The foods that were to be used in the School Lunch Program are subsequently replaced by FNS.

2. Please tell me about FSP outreach to Native Americans and Hispanics. What is/was the extent of it and examples of it two years ago? One year ago? Six months ago? Include activities paid for by the Food Stamp Program as well as other activities.

For the last few years there was no Federal funding for food stamp outreach as a result of the Omnibus Budget Reconciliation Act of 1981, other than to the homeless, until the Hunger Prevention Act (HPA) of 1988 allowed it as an optional State agency expense. State-level activities under this HPA provision are in early stages. Therefore, virtually all of what has been done has been independent of Federal food stamp funding and is instead funded by State or local organizations. Following are Federal actions in this area:

- Food Stamp Program rules require bilingual services to non-English speaking population groups.
- FNS has produced and makes available 15 Spanish-language posters and pamphlets on the FSP and/or purchasing nutritious foods.
- The 1988 cooperative USDA-Ad Council campaign distributed posters and brochures about choosing healthy foods in both English and Spanish.
- The Supplemental Food Program for Women, Infants and Children (WIC) is operated independently by 35 Native American tribal groups as well as by States in geographic areas where Native Americans are served. WIC Program regulations require local coordination with the Food Stamp Program (FSP) in order to address the needs of participating households. In practice this includes referring WIC applicants and participants to the local food stamp office.
- Regulations governing the Food Distribution Program on Indian Reservations (FDPIR) require that local staff be sufficiently knowledgeable about other resources in order to refer appropriate clients. In practice this includes informing tribal members about the availability of the FSP.

Examples of State or Local Actions:

- Spanish-language FSP application form, notices, brochures and posters (Pennsylvania, Florida, Texas, New Mexico)
- Bilingual eligibility workers and interpreters, including Spanish, Navajo, and other Native American languages (Pennsylvania, Florida, Texas, Oklahoma, Utah)

- Extended office hours for migrants (Florida)
- Regular, periodic eligibility worker training on service to migrants (North Dakota, Wyoming)
- Regularly scheduled eligibility worker visits to Indian reservations to process food stamp applications (Montana, Utah)
- Bilingual staff for State food stamp hotline (Texas)
- State management evaluation staff visits to local community action organizations (New Mexico)
- Ongoing cooperation with and distribution of program informational materials to community action organizations, migrant service organizations, WIC offices, FDPIR staffs, Bureau of Indian Affairs, and Native American tribal organizations (Colorado, Florida, Missouri, Montana, New Mexico, Oklahoma, South Dakota, Utah)

3. Is the attached press release true??? What are we doing about it?

The two million dollar estimate of duplicate issuance that is the central point of the newspaper article is not a confirmed figure. It is true that both regular and emergency food stamps were issued to a number of households in South Carolina. Of course, many food stamp recipient families would have lost their regular monthly supply of food stamps. In our response to the disaster, we tried to accommodate every claim of families in need who would qualify for food stamps. The State of South Carolina and FNS are now investigating the numbers of duplicate households, as well as those of households that intentionally obtained multiple issuances by applying for emergency food stamps more than once. In addition, the State has established an accountability Task Force that will recommend procedures for repayment of fraudulently obtained food stamps. FNS is working with South Carolina to assist them in operating an efficient program that is sensitive to needy families in this emergency situation.

South Carolina also established an amnesty period through the end of October 1989 that allowed households that received food stamps to which they were not entitled to return them without penalty. Letters were sent to all households on the regular Food Stamp Program that directed them to return their regular October issuance if they received an emergency issuance.

THE NEWS
UTH CAROLINA
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In Hugo's wake: Food stamp fraud

Officials: Up to $2 million in duplicate stamps may have been issued

By The Associated Press

As much as $2 million in duplicate food stamps may have been given to people who did not qualify following Hurricane Hugo, and state and federal officials say they want the wrongfully received aid back.

Federal law prohibits anyone from getting two allotments of food stamps per month, but the volume of work placed on government employees after the hurricane struck Sept. 21 allowed that to happen in some cases, officials say.

According to the U.S. Department of Agriculture, the $2 million figure could change after more investigation.

The state Department of Social Services, which is looking into the problem as part of an investigation of post-Hugo food stamp fraud, wrote letters warning regular food coupon recipients to return extra booklets by Oct. 31 or face prosecution.

Some people have done that, but DSS officials haven't determined how many.

Social workers say it will be tough for some people to give the allotments back. Brenda Allen, a caseworker for the Salvation Army in the Pee Dee, said many people need everything they can get because they lost so much during the storm.

Double food stamp allotments occurred in many instances because people who regularly receive stamps picked up emergency stamps, making them ineligible for their October allotment, DSS officials said.

But the storm's timing and the workload involved in issuing $62 million in emergency food stamps meant some DSS offices were unable to cross check and stop all payments to regular recipients before the stamps were mailed, officials say. Emergency stamps were issued in 23 counties.

The problem was apparently more widespread in about 10 counties that have contracted with private companies to mail stamps directly to clients, officials said. Local offices were handling emergency stamps, while contractors were preparing to mail regular allotments.

Those counties were Berkeley, Calhoun, Chester, Dillon, Dorchester, Fairfield, Florence, Orangeburg, Richland and Williamsburg. Other counties mailed the booklets themselves or required people to pick up stamps in the office.

Last week, DSS went to a direct mailing system for all counties.

Aside from the mailing problem, some people apparently got stamps from different distribution centers. Officials said it was hard to keep up with who stood in line and where they went.

"It's safe to say there are thousands, I just don't know how many thousands," of duplicate stamps issued, said Ken Shealy, DSS' senior deputy commissioner. "There's nothing I could think that could have been done to avoid this situation."

4. What is FNS's role in disasters?

FNS has the authority to provide food assistance to victims of disasters when requested by a State. When the President declares a disaster, food assistance can be in the form of emergency food stamps, commodities for households or commodities for congregate feeding depending on the nature of the destruction.

FNS can also provide emergency food stamps or commodities for congregate feeding in smaller disasters that do not warrant a Presidential declaration.

5. What is the FNS relationship with FEMA?

FEMA has overall Federal responsibility for assuring that all needs of disaster victims are met during Presidentially declared disasters. FEMA assigns other Departments responsibility for providing specific assistance identified by FEMA as necessary. USDA is seen as the Federal agency responsible for food. For example, during the recent hurricane, all food shipments to the Virgin Islands and South Carolina were coordinated with FEMA. Some transportation arrangements were actually arranged by FEMA assignment to the military.

6. Where do commodity foods come from?

Commodities made available to disaster victims come generally from existing commodity supplies. For example, food for congregate feeding is drawn from commodities that have already been delivered to the schools. Later, USDA can replace those foods if the States request replacement. Occasionally, household commodity distribution is authorized when food stores are closed. In this instance, commodities must be drawn from foods already acquired by USDA for the Temporary Emergency Food Assistance Program, Food Distribution Program for Indians, or Commodity Supplemental Food Program.

In the case of long-term disasters, food can be purchased specifically for disaster victims using Section 32 contingency funds.

7. How are commodities made available to disaster victims?

States in cooperations with disaster relief organizations like the Red Cross establish distribution networks. These networks vary depending on the nature of the disaster and the geographic area. Generally, States are the consignees for commodities supplied by USDA, but are transferred to disaster relief agencies for actual distribution to households or meals .

The CHAIRMAN. Thank you, Mr. Chairman.

Ms. BERTINI. Mr. Chairman, I would like to thank you for your kind remarks and welcome. Thank you.

The CHAIRMAN. We look forward to working with you. This is a very important subcommittee. From getting thousands of letters complaining about abuses and misuse and saying bad things about the Food Stamp Program, we have worked our way to zero. We have been frugle. We have had to make some cuts on the budget. But I think this subcommittee working with the administration has been diligent in oversight. The primary reason for the food stamp is to aid people out there that need them and be as responsible as possible because it is our tax dollars that we are using.

But from thousands of negative letters to zero—we have come a long way. We would like to get back to the thousands, but saying how good it works and what a good job we are doing and we hope we can do it together with you.

Ms. BERTINI. I look forward to working with you.

The CHAIRMAN. Thank you very much.

Thank you, Chairman Hatcher.

Mr. HATCHER. Yes, sir. Thank you, Mr. Chairman.

Mr. Staggers.

Mr. STAGGERS. Ms. Bertini, I know you have only been there I guess about 3 weeks. About 19 days ago there was an appeal filed in the Federal Courts of West Virginia, the Southern District of West Virginia, Charleston. I am hoping that that did not coincide with your arriving at the agency because I think it is very unfortunate.

Maybe I am not addressing the right person, but I have to believe that the decision to begin carrying the West Virginia Clothing Voucher Program as income even after 19 years of not having done so is an example of an agency erecting barriers at every juncture where States attempt to combat the problems of low-income people.

I find it very mean spirited. I find it grossly unfair. I can remember as a person seeing a former administration telling the American people that catsup was a vegetable and obviously that was ludicrous and that was quickly changed, but when we tell a blind person that some of the services that we are going to be providing to them so that they can keep a guide dog that we are going to take away their food stamps, I think it is outrageous and it bothers me that in a previous hearing that there was almost a cavalier approach that well, it is Congress' fault. I think Congress has been very clear.

In fact, in your testimony you mention, in fact almost critical of Congress, that we have made 20 changes.

Ms. BERTINI. Yes, it is in my written testimony, Mr. Staggers.

Mr. STAGGERS. I think it is on page 3, on 20 separate occasions. But obviously we have to be letter perfect to create an intent where I think it is very clear from a bipartisan effort that this is not what we intend to do.

And that bothers me when the administration—what appears to be continually—to ignore what Congress is trying to intend. So I would not blame Congress. I think that you are part of the problem when we do have to continually come back and tighten this type of language.

I do not want to be too critical of your testimony, but I look at some of your words that you talk about on the first page to explore ways to make the program more receptive to the needs of recipients and more efficient in its administration and that seems inconsistent with the decision to count clothing vouchers and the dog allowance to guide dogs as income. It seems totally inconsistent to me when you talk about the best interest of the client.

Is it not in the best interest of the client, of those poor people, that they have clothing on their back in the winter time? Is that not in the best interest?

It seems to me that it is. I think everybody in Congress agrees that it is.

Ms. BERTINI. Is that the question you would like me to answer, sir?

Mr. STAGGERS. Well, I guess most of what I have said so far has been more editorial comment and hopefully you are listening. Hopefully it is not something that you will take back to your office and chuckle about because I think it is very serious. I think it is something that—I do not know as a Member of Congress what more we can do unless we get some response from the administration.

Let me get to my questions because I do have a limited time. I was faxed some language by your office because I did insist that something try to be worked out as far as language when we reauthorize this.

I did suggest, one, that this problem be taken care of administratively and I was ignored. So we are in the legislative arena and that is where we will have to fight this battle, obviously.

And you did—someone faxed over some language and I will read that. I guess my first question is: Do you support this language? The language said that such regulations shall exclude vouchers for annual clothing allowance for school children that can be converted to cash provided that the program providing the vouchers was in place on October 1, 1989.

Ms. BERTINI. Yes.

Mr. STAGGERS. Are you in support of that?

Ms. BERTINI. Yes, sir.

Mr. STAGGERS. I mean obviously this language is geared toward West Virginia. Is that just because I requested the language, or is there broader language that you could live with?

Ms. BERTINI. Well, I think there are a couple of issues, and can I use this opportunity, if you do not mind, to answer several things that you said. There are several issues here. One is that I agree with you absolutely that it does not make sense to have a process that you described, be it the clothing allowance or the seeing eye dog situation. I do not think any reasonable person would disagree that there is something that does not make sense about that.

The challenge that we have, you and I have, is to find the best way to handle that situation. In the process I think we can look at several possibilities. One is that if you choose to change the law, you have our recommendation for how it would be changed in order to accommodate the West Virginia situation, yes, sir.

However, I have asked, I mentioned to the chairman earlier, the staff at the Department of Agriculture to review again the situation so that we can look at it once again, now that there are new eyes looking at it, to see whether or not there is any possibility of an administrative fix. We are doing that as well.

So we want to work with you, Mr. Staggers, not on opposite sides of this issue, to try to work it out.

If we are going to talk about this as it relates to States throughout the country, then I think we have to lay it on the table in a different sense—from the perspective of what fits and what does not fit in the farm bill from a budgetary perspective.

From a budgetary perspective, however, keeping West Virginia the same way it is—if there was a way to do that—without opening the door to other new programs that do not exist yet, then that is a budget neutral situation.

To go back to some of what you suggested before, I do think that sometimes when a program is changed many times, for whatever reason, and sometimes there are wonderful reasons to make changes in the program, one of the results is it becomes more complicated for people to administer. That does not mean that we should not change the program, but I think that means that we have to pay attention when we do change it—whether it is administratively or legislatively—as to how that is going to affect the complexity and affect the people who are carrying it out.

It is a cost of a change. It does not say, therefore, there should not be a change, but it is a cost of a change, and I think that is a realistic cost.

So, as a result, I think those are things that we need to be concerned about too.

And finally, I would like to say that I represent the Bush administration, and I will do my very best to carry out what I think are the President's directives and I look forward to working with you in that process.

Mr. STAGGERS. I would ask unanimous consent for 2 additional minutes.

Mr. HATCHER. Without objection.

Mr. STAGGERS. You mentioned budgets. At the last hearing it was mentioned budget also and it was exaggerated twofold. I mean we can cut some of those numbers out. I think we are talking about a marginal amount of money here whatever we do and I guess that would be one question I would have also.

What you have proposed with West Virginia does not deal with the blind woman that testified at the other hearing. It does not deal with some of the other issues I think we are trying to get at.

Are you going to—and there is a difference between working together and making changes in the law and making it more difficult for people to make the program work in States like West Virginia or actually looking to the—as you state in your opening statement, that you do want to work and you have the—the bottom line here, I hope, is with this administration. You mentioned you do work for the Bush administration. I hope that he was sincere when he said kinder and gentler Nation and that we would be the bottom line looking for the—not Congress or the administration or Democrat or Republican, but looking bottom line at the needs of the people.

I can tell you, the people in West Virginia that are being denied the clothing are very beneficial type of people. They are forced to choose about eating at the end of the month or providing their child with warm clothing during the winter months. Now that is an outrageous decision that we are putting a mother or a father in.

And you said any common thinking—common sense person I think would agree with this. And so, hopefully, when you say you are going to work with us it is not going to be that you are going to give me language that is just going to deal with West Virginia because I do not think that is the only problem. There is a much larger problem here and hopefully you will come with language that I requested—how do we solve this problem?

Can we anticipate before we mark this bill up some language that you can live with and will take care of this type of problem, not pacify one member of the committee?

Ms. **Bertini**. Well, we will be glad, Mr. Staggers, to work with you. We responded to what we understood to be your request.

We would also be glad to work with Congressman Wise, who gave me a copy of his bill. We were chatting before the hearing started about his bill, what it does, and about a couple of issues that he and his staff mentioned that we could work on together that were in his bill. I think that it is a realistic bill that we can look at as to whether or not it is appropriate. I think it is a little broader than the one that you are talking about now, but we would be delighted to work with him on this and we will proceed to do that.

Have you had a chance to review his bill? Should I assume this is something that you——

Mr. **Staggers**. I have looked at the bill and I think it is a good bill, but I think there is a larger problem which has to be addressed. And giving you the benefit of the doubt of being there for 3 weeks, and I apologize for this, but this is a frustration from a legislator talking and it appears—as I said at the start of this, it appears that there are unfortunate barriers being erected that do not hurt me, but are hurting the people who are the poorest of the poor, the neediest of the neediest, the children of this Nation and the blind and that is just outrageous to me.

Ms. **Bertini**. Mr. Staggers, I do not disagree with you, and I look forward to working in a cooperative and nonconfrontational manner in order to achieve our mutual objectives.

Mr. **Staggers**. Thank you and I apologize, but it is an emotional thing with me. I know you have been there for 3 weeks and I do not expect miracles, just cooperation.

Ms. **Bertini**. You will get that, sir.

Mr. **Staggers**. Thank you, Mr. Chairman.

Mr. **Hatcher**. Yes, sir.

Mr. Espy.

Mr. **Espy**. Thank you, Mr. Chairman. I would like to congratulate you, sir, for having this hearing today. This is a very important title to what will be a brand new 1990 farm bill and I would like to congratulate you and Mr. Emerson for moving as expeditiously as you have in getting us together and bringing experts before the panel.

Madam Assistant Secretary, thank you for appearing today and congratulations on your new appointment and I also look forward to working with you.

Just let me say, before I embark on another line of questioning, that I do share the concern and the outrage that has been expressed by both of the gentlemen from West Virginia about what we think is policy abuse in FNS to consider a $100 a year clothing allowance as income and to count that to reduce the food stamp allotment to me is just wrong. I do thank you for being sensitive to it and expressing your intent to consider some sort of reconsideration of a policy. And it is not just clothing, it is housing and other matters as well, and I am sure that you know that.

Mr. Emerson and I held a hearing under the auspices of the Select Committee on Hunger some months ago where another FNS representative appeared to give us a review of the EBT systems and what was going on with regard to service delivery.

And at that time, I was just becoming familiar with it. I know it has been tested in certain supermarkets all across the country, but I expressed a concern, one, that I wanted to know how this would be applied and how the cost would be covered in not just mega supermarkets, but Mom and Pop shops where a lot of low-income individuals shop, particularly in rural areas.

And also, I expressed some degree of concern over the stigma that would be caused to some people to have a sign over aisle No. 6 saying, "Food stamp recipients enter here."

I wanted to know whether you have had a chance to review the screening of the EBT systems and whether you have also concern for these two matters.

Ms. Bertini. Yes, sir. I have had some initial briefings on them regarding the two points that you mentioned. First of all, the Ma and Pa store issue. One of the programs that you may be familiar with—that is starting, in fact, tomorrow if all goes well in Baltimore—is a pilot project that the State of Maryland has agreed to undertake. It is a joint AFDC and food stamp project.

In that, as I understand it, there are quite a few, as you described, "Ma and Pa grocery stores" which are involved that have one counter and one machine at the counter. In fact, there are a very limited number of large grocery stores in this particular project.

I think that we will have a good chance, in fact a chance close by, to look at how this might work, and after we give them 1 month or so to get running, I would invite you to join me. I hope to go up there to see how it does work. But whether we went together or alone, it might be a way to review how it is working and whether or not it is replicable in an appropriate manner elsewhere.

Mr. Espy. I recall that these test markets are only in eastern States. I am not aware of any being held in deep southern States.

Ms. Bertini. I do not think any are, sir. There is one in Washington State, one in Minnesota, and one in Albuquerque.

Mr. Espy. Well, none would qualify, in my opinion, as deep southern States, and I would like you to consider that as well.

Thank you, Madam Secretary. I look forward to working with you.

Ms. Bertini. Thank you.

Mr. Hatcher. Thanks for your presence here and your testimony.

Ms. Bertini. Thank you, Mr. Chairman.

Mr. HATCHER. Our next witness is Mr. John W. Harman who is Director of Food and Agriculture Issues, Resources, Community, and Economic Development, U.S. General Accounting Office here in Washington.

We welcome you, Mr. Harman, and look forward to your testimony.

STATEMENT OF JOHN W. HARMAN, DIRECTOR, FOOD AND AGRICULTURE ISSUES, RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION, U.S. GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY MIKE RIVES, EVALUATOR, DALLAS REGIONAL OFFICE; FRANK TALIAFERRO, EVALUATOR, CHICAGO REGIONAL OFFICE; AND JAMES SOLOMON, ASSISTANT DIRECTOR, PROGRAM EVALUATION METHODOLOGY DIVISION

Mr. HARMAN. Thank you, Mr. Chairman. We are indeed pleased to be here today to discuss some of our recent work relating to USDA's Food Stamp Program.

You do have my prepared statement for the record and I will be summarizing the statement.

This work that we have been doing over the last several years is focused primarily in three areas; food stamp automation, alternatives to the current household definition of a food stamp household, and improving the benefit opportunities for people eligible for the program.

I would like to just take a moment and introduce my colleagues who have been heavily involved in that work, which covers about eight assignments and reports that have been issued or are still ongoing.

To my left is Mike Rives and to my right, immediate right is Jim Solomon, and to my far right is Frank Taliaferro.

Regarding automation, first we examined whether automated programs have helped to reduce errors and improve administration, and second, we examined whether there is a continuing need for enhanced Federal funding at the 75 percent rather than the normal 50 percent level.

Our current review has shown that many of the expected benefits of automation have been achieved. However, we did not find that these improvements always reduced program error rates or improved program administration, primarily because automated systems simply cannot prevent certain types of errors which continue to account for the largest part of the error rates.

Regarding funding for automation, we do not believe that continued 75 percent funding is needed as originally envisioned. The House Agriculture Committee, in drafting the increased funding provisions, expected the boost from 50 percent to 75 percent to be a one-time incentive to encourage States with manual systems to automate. Once the State agencies began automating, all future ADP development would be at 50 percent.

We have concluded that the 75 percent funding has served this purpose and are therefore recommending that the Congress pass legislation to discontinue the 75 percent Federal funding level.

In identifying alternatives to the current household definition, we are analyzing how these alternatives may impact such factors as participation, direct benefit payments, homelessness, and program simplicity.

Some of the alternatives we developed simplify the household definition, but complicate the eligibility determination process. Others are simpler and do not complicate program administration, but they either expand eligibility and increase benefit payments, or make some current recipients ineligible.

To illustrate, one alternative would redefine a household to allow adult children to form households separate from their parents and siblings to apply separately. It is simpler than the current definition because it eliminates the need for exceptions. It should also expand eligibility and increase benefit payments.

Our work has also shown that the current definition does not cause homelessness. However, the definition could give parents and adult children or siblings a disincentive to live together.

Changing the definition by adopting one of several alternatives would remove potential disincentives to sharing housing, but would also increase cost.

Over the last several years, we have reported on areas where program administration and/or structure of the program represent hindrances to people obtaining benefits. This work has been focused in two areas; first, responding to concerns that eligible participants were being temporarily terminated because they did not comply with procedural requirements. Our work in two States show that this indeed was a problem for about 13 percent of our sample. About three-fourths of these terminations occurred primarily because participants did not complete and submit new applications on time. One-fourth occurred because one State used an incorrect procedure for processing monthly reports and made other procedural errors, something that has since been corrected.

Amending the Food Stamp Act to allow participants an extra month to submit a new application would prevent many temporary terminations in benefits. To ensure that those participants were eligible for a full month's benefits, however, actual benefit issuance would be delayed until all program requirements are met. This change would increase cost, but would be consistent with current provisions governing monthly reporting.

A second body of work has focused on reasons why households judged to be eligible for the program did not receive food stamps. Our work that related to eligible participants who have not applied for food stamps shows that about 44 percent of eligible households participate. The reasons cited for the 56 percent nonparticipation rate were a lack of desire for benefits, a lack of information about the program, and problems with the program or gaining access to it.

From a policy standpoint, the desire not to participate may not be a problem. On the other hand, difficulty with the program, access to it, and lack of information about it are things which can and should be remedied.

We are recommending that the Service encourage States to target outreach to those groups that would most benefit from it and tailor the type of outreach to the needs and characteristics of those specific groups, such as single households.

We have also assessed whether Federal, State, or local procedures discourage households from participating once they have contacted their local food stamp office for assistance. We found procedures and practices which make the application process more complex than it needs to be. The Service and the States have since taken action to address most of these problems.

That concludes my summary of my statement, Mr. Chairman. We would be glad to answer any questions you may have.

[The prepared statement of Mr. Harman appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you, Mr. Harman.

Did you find that States differed widely in their food stamp participation rates?

Mr. HARMAN. Do we have figures on that, Jim?

I will provide information for the record. Off the top of my head, there was some pretty good variation. The problem is estimating the rate at a State basis.

Mr. HATCHER. Well, I would like to have that and if you can answer today or for the record, I wonder if some States do a better job making the program more accessible than other States, and, if that is the case, what the factors are which would explain why there are the variations in participation among States.

Will you do that in writing as well?

Mr. HARMAN. We will provide that for the record.

[The information follows:]

GAO Response: In estimating participation rates the stumbling block is obtaining a satisfactory estimate of the number of eligible households (or individuals). We were able to estimate the number of eligible households for a national sample of households (7,061 households) using information from the PSID data base. However, the study was not designed and the sample is not large enough to make determinations about the number of eligible households on a state basis. Since a participation rate is the number of households participating in the Food Stamp Program divided by the number of eligible households, and as we have said our data cannot be extended to estimate the denominator, we are unable to calculate participation rates by states.

We also discussed this issue with an analyst who has been estimating overall participation rates in the food stamp program using the Survey of Income and Program Participation (SIPP) data base, which has a much larger sample (about 20,000), but again the sample size is not adequate to produce reliable state-by-state estimates.

In summary, we are not aware of anyone who has produced state-by-state estimates of Food Stamp Program participation rates.

Mr. HATCHER. Mr. Harman, can you explain why a person receiving Social Security would be less likely to want to receive food stamps than someone not receiving Social Security?

Mr. HARMAN. Well, I think part of it has to do with whether they have a desire to receive benefits which could possibly be getting at whether or not there is a stigma to receiving food stamps. Now that is kind of a easy answer, but it also could get at the question of whether or not there is enough information out there for these people to make judgments and to be able to know exactly what benefits they are eligible for and can receive. It is really uncertain at this point, based on our work, and Jim, you can add to this if you would like, to know exactly why, but the reason that was cited was that they had some aversion to the program. Then again, an information outreach program may help alleviate that.

Mr. HATCHER. We have had some testimony at previous hearings indicating that some of the verification requirements are unnecessarily burdensome on the applicants and on the case workers.

Do any of the studies that you have done show the impact on applicants of the extensive verification requirements that are in place today?

Mr. HARMAN. We have not specifically looked at that question. We have looked primarily at some of the hindrances to participation in terms of what individual offices are doing. We found some instances where local offices were working 4-day weeks and closing early.

Would you like to address that, Frank?

Mr. TALIAFERRO. Well, to some extent we have addressed that question in our hindrances report. The verification requirements for a food stamp family are quite extensive. They have to provide, I think we reported, over 60 pieces of information and often times have to document the validity of that information on their applications.

On the other hand, the State and local offices need these documents to verify that these people are in fact eligible. As a result, it is a trade off between ensuring that people who are eligible are on the program and people who are not eligible are not participating.

Mr. HARMAN. As Frank said, we have to some extent documented it but to get behind it, the reasons, we really have not done that kind of detailed analysis.

Mr. HATCHER. All right, sir.

Mr. Emerson.

Mr. EMERSON. Thank you, Mr. Chairman.

I am interested in the studies done by GAO and why eligible families do not participate in the Food Stamp Program.

There are different numbers determined by different organizations, but all agree that there are a significant number of families who simply do not apply for benefits and that these numbers have not changed significantly over a number of years, the past 10 years.

So in focusing on the elderly population, have you found that this group's failure to apply could be related to the relatively low benefit and the complicated application process of the Food Stamp Program? And what would you recommend that we do?

Should we, for example, do what a State like California has done and increase the SSI benefits in lieu of food stamp benefits?

Mr. HARMAN. I will let Jim talk about that a little bit. He has been heavily involved in looking at that issue, as you know, at your request for some 2 to 3 years now and several jobs.

Mr. EMERSON. And we appreciate his good work.

Mr. SOLOMON. Thank you very much.

Let me just talk about that a little bit. The main intent of our study was descriptive in nature. We looked at it from sort of a sequential viewpoint. The first thing we did was to see what literature existed to tell us reasons for nonparticipation in the Food Stamp Program and that resulted in our first study for you.

When we found that that information was so outdated, we knew that we had to update it and find out more information. Now we have gotten to that point. We have a draft report that will be coming to your office in the next few weeks in final form which basically says what you just said, that overall it has not changed a whole lot in 10 years.

Our report will discuss participation rates for the elderly and the reasons why the elderly do not apply for food stamps, but again, at this point we are just at the descriptive phase of that.

A personal opinion would be that all the things that you mentioned are involved, the complexity, the fact that eligible participants are single and living alone, and the fact that the benefit may be relatively small compared to the effort it takes an elderly person to get to a food stamp office may all be there, but we have not gotten to that point of detail yet.

Mr. EMERSON. Thank you.

Automation of the program, both for the eligibility process and the benefit issuance process, is not fully and probably is not very well implemented in many States.

In your view, what do you think it would take to speed up the process of automation and keep it current and do you have any ideas as to any conclusions there really is to what benefits would be derived from full automation of the Food Stamp Program?

Mr. HARMAN. Well, certainly there are many potential benefits with automation and they are the same benefits that you might achieve in any other type of program in terms of efficiency in delivery of your services.

What we found in the Food Stamp Program is that the types of automation vary widely. We were in a number of States, I think five altogether. Some States have statewide systems. In other States basically each county has its own system, but most States do have a statewide system and within those States the progress varies widely.

Our point on the 75 percent funding gets more at the congressional intent of that 75 percent funding than it does the need for that kind of funding and we did not look at the cost and the benefits that are associated with increased automation. Some of that depends on the quality of the management that is implementing those kinds of systems, whether or not they are adequately thought through and implemented in a way that provides the greatest benefits.

It is really difficult at this point, given the work we have done so far in automation, to provide specific suggestions on what you should do in each individual State. Because each State's needs are so different, each State has to make its own judgments about the type of automation it needs.

But the funding question is one that we think needs to be resolved and if there is a judgment that we need more funding out there to continue this, then it ought to be specifically set forth in legislation so that Congress can make its current position known.

Mr. Emerson. Thank you, Mr. Chairman.

Mr. Hatcher. Mr. Staggers.

Mr. Staggers. How many States have automated? I did not see that or I did not hear that.

Mr. Harman. We did a survey in a questionnaire and found that all 53 States have at least some automation and we do have that information. It is in our report and we could provide it for the record.

[The information follows:]

Extent of State Agencies' Automation by Functional Requirements[1]

37	State Agencies Received 75-Percent Funding (See Attachment A)
16	State Agencies Received 50-Percent Funding (See Attachment B)
53	

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[1] Functional requirements are contained in Attachment C.

ATTACHMENT A

ATTACHMENT A

Extent of State Agencies' Automation, by Function, With 75-Percent Funding

	Number and Status of Automated Functions											
	Certification				Issuance, Reconciliation and Reporting				General			
State agency	C	P	N	N/A	C	P	N	N/A	C	P	N	N/A
Alabama	10	2			12		1		8			1
Alaska	12				13				9			
Arizona	12				11			2	9			
Arkansas	9	1	2		8	2	1	2	5	2	2	
Colorado	10	2			9	2		2	6	2		1
Connecticut	4	4	4		7	3	3		3	3	3	
Hawaii	10	2			9	4			8			1
Idaho	12				11	2			9			
Illinois	8	4			12		1		9			
Indiana	4	7	1		7	6			4	5		
Iowa	8	3	1		8	3		2	5	4		
Kansas	11	1			13				9			
Louisiana	11	1			13				8			1
Maryland	5	6	1		11	2			7	2		
Michigan	9	3			13				6	3		
Mississippi	10	2			13				9			
Missouri	9	3			9	2	2		8			1
Montana	4	1	7		2	1	10			5	4	
Nebraska	12				9	2		2	9			
Nevada	4	7	1		11	2			7	2		
New Jersey	12				13				9			
New Mexico	11	1			8	3		2	6	3		
New York	9	3			9	4			7	1		1
North Dakota	12				9	1		3	9			
Oklahoma	9	3			11	2			8		1	
Oregon	11	1			13				9			
Pennsylvania	8	4			11	1	1		7	2		
Rhode Island	5	7			6	6	1		4	4		1
South Carolina	12				11			2	7	1		1
South Dakota	12				12		1		9			
Tennessee	6	6			12	1			8	1		
Utah	11	1			9	2		2	9			
Vermont	12				11			2	9			
Virginia	9	2	1		9	3	1		7	2		
Washington	7	4	1		8	4	1		6	2	1	
Wisconsin	11	1			10	1		2	8			1
Wyoming	11	1			8	3		2	8	1		

Legend:
C = Completely automated.
P = Partially automated.
N = Not automated at all.
N/A = Not applicable or no response.

ATTACHMENT B ATTACHMENT B

Extent of States Agencies' Automation, by Function, With 50-Percent Funding

	Number and Status of Automated Functions											
	Certification				Issuance, Reconciliation and Reporting				General			
State agency	C	P	N	N/A	C	P	N	N/A	C	P	N	N/A
California	3		9		9		4		3	5		1
Delaware	10	2			12	1			9			
D. C.	5	5	2		8	5			2	5	2	
Florida	5	5	2		6	5		2	5	4		
Georgia	11	1			11	2			9			
Guam	9	2	1		13				9			
Kentucky	12				13				7	1		1
Maine	10	2			9	2		2	5	2	1	1
Massachusetts	7	4		1	12	1			8	1		
Minnesota	1	2	9		1	5	7		2	4	2	1
New Hampshire	11	1			8	2	1	2	9			
North Carolina	11	1			10	2	1		9			
Ohio	2		10			2	11			1	8	
Texas	11	1			10	3			8	1		
Virgin Islands	3	5	4		1	2	8	2			9	
West Virginia	7	4	1		6	3	2	2	8	1		

Legend:
C = Completely automated.
P = Partially automated.
N = Not automated at all.
N/A = Not applicable or no response.

AUTOMATED FUNCTIONAL REQUIREMENTS

12 CERTIFICATION FUNCTIONS

1. Determine eligibility and calculate benefits or validate the eligibility worker's calculations by processing and storing all casefile information necessary for the eligibility determination and benefit computation (including but not limited to all household members' names, addresses, dates of birth, social security numbers, individual household members' income by source: earned and unearned, deductions, resources, and household size). Redetermine or revalidate eligibility and benefits based on notices of change in households' circumstances.

2. Identify other elements that affect the eligibility of household members such as alien status, presence of an elderly person in the household, or status of periodic work registration, disqualification actions, categorical eligibility, and employment and training status.

3. Provide for an automatic cutoff of participation for households which have not been recertified at the end of their certification period.

4. Notify the certification unit (or generate notices to households) of cases requiring Notices of

   (a) Case Disposition,
   (b) Adverse Action and Mass Change, and
   (c) Expiration.

5. Prior to certification, cross-check for duplicate cases for all household members by means of comparison with food stamp records within the relevant jurisdiction.

6. Meet the requirements of the IEVS system. Generate information, as appropriate, to other programs.

7. Provide the capability to effect mass changes: those initiated at the state level, as well as those resulting from changes at the federal level (eligibility standards, allotments, deductions, utility standards, Supplemental Security Income, AFDC, Social Security Administration benefits).

8. Identify cases for which action is pending or followup must be pursued; for example, households with verification pending or households containing disqualified individuals.

9. Calculate or validate benefits based on restored benefits or claims collection, and maintain a record of the changes made.

10. Store information concerning characteristics of all household members.

11. Provide for appropriate Social Security enumeration for all required household members.

12. Provide for monthly reporting and retrospective budgeting, as required.

13 ISSUANCE, RECONCILIATION, AND REPORTING FUNCTIONS

1. Generate authorizations for benefits in issuance systems employing Authorizations to Participate (ATPs), direct mail, or on-line issuance and store all Household Issuance Record information including: Name and address of household,

household size, period of certification, amount of allotment, case type (Public Assistance or Non-public Assistance), name and address of authorized representative, and racial/ethnic data.

2. Prevent a duplicate Household Issuance Record from being established for participating or disqualified households.

3. Allow for authorized under- or overissuance due to claims collection or restored benefits.

4. Provide for reconciliation of all transacted ATPs to the Household Issuance Record masterfile. This process must incorporate any manually issued ATPs, account for any replacement or supplemental ATPs issued to a household, and identify cases of unauthorized and duplicate participation.

5. Provide a mechanism allowing for a household's redemption of more than one valid ATP in a given month.

6. Generate data necessary to meet federal issuance and reconcilation reporting requirements, including:

    (A) Issuance

        (1) Food and Nutrition Service-259--Summary of mail issuance and replacements, and

        (2) Food Nutrition Service-250--Reconciliation of redeemed ATPs with reported authorized coupon issuance.

    (B) Reconciliation: Food Nutrition Service-46--ATP Reconciliation Report.

7. Generate data necessary to meet other reporting requirements, including

   (A) Food Nutrition Service-101--Program participation by race,

   (B) FNS-388--[State] Coupon issuance and participation estimates, and

   (C) FNS-209--Status of claims against households.

8. Allow for sample selection for quality control reviews of casefiles, and for management evaluation reviews.

9. Provide for program-wide reduction or suspension of benefits and restoration of benefits if funds later become available and store information concerning the benefit amounts actually issued.

10. Provide for expedited issuance of benefits within designated time frames.

11. Produce and store a participation history covering 3 years for each household receiving benefits.

12. Provide for cut-off of benefits for households which have not been recertified timely.

13. Provide for the tracking, aging, and collection of recipient claims and preparation of the Food Nutrition Service-209, Status of Claims Against Households report.

9 GENERAL FUNCTIONS

The following standards apply to all proposed systems.

1. Perform all activities necessary to meet the various timeliness requirements established by the Service.

2. Allow for reprogramming to implement regulatory and other changes, including a testing phase to meet implementation deadlines, generally within 90 days.

3. Generate whatever data are necessary to provide management information for the state agency's own use, such as caseload, participation, and case actions data.

4. Provide support as necessary for the state agency's management of federal funds relative to Food Stamp Program administration, and generate information necessary to meet federal financial reporting requirements.

5. Provide for routine purging of casefiles and file maintenance.

6. Perform all activities necessary to coordinate with other appropriate federal and state programs, such as AFDC or Supplement Security Income.

7. Perform all activities necessary to maintain the appropriate level of confidentiality of information obtained from applicant and recipient households.

8. Perform all activities necessary to maintain the security of automated systems to operate the Food Stamp Program.

9. Provide for the eventual direct transmission of data necessary to meet federal financial reporting requirements.

Mr. STAGGERS. I think that might be a good idea.

Mr. HARMAN. It lays out what each State has done in terms of automation.

Mr. STAGGERS. Were they contacted as to why they did not fully automate? You mentioned the 75 percent has served its purpose. Are they pretty much in agreement with that? Are the States pretty much in agreement with that, or would they like to see it and need a little bit more time? Or was anyone contacted?

Mr. HARMAN. I think the States are—and Mike, you may want correct me on this if I am wrong, but I think the States have agreed that they are at a certain point in automation. Now the question is, just how far along are they and how effective is that automation?

What we have seen is that automation has served a very good purpose in terms of helping the process, but has not achieved what its potential may be in terms of reducing error rates. That is a tougher question because it does not just depend on how well you automate. It depends on determining such things as the accuracy of reported income that go beyond automation capabilities. That is part of the problem in reducing error rates.

Mr. RIVES. I would like to add that 16 of the 53 State agencies have not received any 75 percent funding. The remaining 37 States got some 75 percent funding. Originally this extra increase was to be an incentive to those not in the process to computerize. However, the 16 State agencies and 37 State agencies, those that received 75 percent funding and those that did not, are basically developing the same type of capabilities at this point.

Mr. STAGGERS. Should we as Congress target some of these States and is your impression that they are facing obstacles that maybe the other States are not facing? Is that part of their problems?

Mr. RIVES. No, we were not able to investigate all of the reasons why certain States got it and certain States did not. In terms of the feedback we got from the States, we do note that many of them have the same functions automated, but one gets 50 percent and one gets 75 percent.

For example, in Texas, they are currently developing a system pretty comparable to what they have in Kentucky and Texas continues to get 50 percent, whereas Vermont and North Dakota got 75 percent. Kentucky also got 50 percent.

Mr. STAGGERS. Would that be reflected in the data that you will submit for the record?

Mr. RIVES. Yes.

Mr. STAGGERS. You mentioned along with participation that you are going to suggest that FNS target their outreach and I think that is a pretty good idea.

In your opinion though, should the cost of that outreach be taken from benefits—directly from benefits? I mean we only have so much money. Should it take money from benefits so that they can target——

Mr. HARMAN. I do not think we have a position on that.

Mr. STAGGERS. Well, in your opinion.

Mr. HARMAN. Any opinion I would give would be my personal opinion, which would not bind the office, but in on my own personal judgment, outreach ought not to be funded out of benefits.

Mr. **Staggers**. Is there any way you could put that in your suggestion when the——

[Laughter.]

Mr. **Harman**. That would be very difficult, I think, at this point.

Mr. **Staggers**. Thank you.

Thank you, Mr. Chairman.

Mr. **Hatcher**. Mr. Espy?

Mr. **Espy**. No, questions. My question has been answered, Mr. Chairman. Thanks.

Mr. **Hatcher**. Well, thank you, Mr. Harman and you other gentlemen for being here today and for your testimony.

Mr. **Harman**. Thank you, Mr. Chairman.

Mr. **Emerson**. Mr. Chairman, could I ask one quick question before we dismiss these witnesses?

Mr. **Hatcher**. Sure.

Mr. **Emerson**. Can you tell us if the GAO believes that outreach programs are effective in educating potential participants about the Food Stamp Program and increasing the participation in it?

Mr. **Harman**. Well, it depends on the effectiveness of the outreach program and how it is structured. I would certainly think, yes, that if it is properly structured and properly administered and implemented there is no reason to believe it cannot increase participation. That is part of what we are saying I think in Jim's work.

Mr. **Emerson**. I am really not asking a hypothetical question. I am saying have you come up on data that leads you to believe that outreach programs are effective?

Mr. **Harman**. We have not, except for Jim's work. Jim may be able to address that. I do not know.

Mr. **Solomon**. That was not the focus of our study, but I will tell you one place we might be able to look and that is the work that was done by the Ad Council about 1½ years ago maybe where they put advertisements on the television throughout the Nation and they put phone numbers up to call for more information. We talked to the Ad Council people at that point in time and they told us that the response to that was pretty significant. They had quite a large number of people calling in.

That is just one example I can think of off the top of my head.

Mr. **Emerson**. Do you have their data? Would you have copies of records that they may have kept, or could you get those?

Mr. **Solomon**. We do not have that data. We could get it or we could refer the committee to these people.

Mr. **Emerson**. If you could get an answer for us, since you know what our interest is and how to phrase the question, would you get that and submit it to the record for us?

Mr. **Solomon**. I know they kept a running count of how many phone calls they had and how many——

Mr. **Emerson**. That is all right. That would be helpful.

Mr. **Solomon**. We will track that down for you.

Mr. **Emerson**. Whatever data they may have, we are interested in the subject and we would appreciate that.

[The material follows:]

GAO Response: In February 1986, the Advertising Council and the Committee for Food and Shelter, using over $300,000 in private funding, initiated a program to increase awareness of the Food Stamp Program. The USDA's Food and Nutrition Service (FNS) was not involved in this effort. This program consisted of providing videotapes to television stations and audio tapes to radio stations across the nation and providing brochures to state and local agencies and non-profit groups. Approximately 2 and one-half million brochures were distributed. The brochures explain the basics of the Food Stamp Program and also provide telephone numbers for information. The videotape portrays the fact that Food Stamp Program provides important benefits to individuals and gives a toll-free number to call if the individual thinks that he/she may be eligible or would like additional information, such as the phone number of the local food stamp office. When the program formally ended in February 1988, approximately 250,000 telephone calls had been received. In addition, even though the program formally ended, approximately another 50,000 telephone calls have subsequently been received based on informal showings of the videotape. It is important to also note that the Ad Council has kept a slot in its programming open for future outreach efforts if FNS decides it wants to use this avenue. This time, however, it would have to be FNS funding rather than private funding.

Attached for the Subcommittee's further information is a Follow-up Final Report on the Food Stamp campaign. (See Attachment A.)

ATTACHMENT A ATTACHMENT A

Rosenfeld, Sirowitz, Humphrey & Strauss INC
ADVERTISING FIFTH AVENUE NEW YORK NEW YORK [illegible] PHONE [illegible]

September 21, 1987

Mr. John Driggs
Chairman
Western Savings & Loan
P.O. Box 16290
Phoenix, Arizona 85011

Re: Follow-Up Study Final Report

Dear John:

I am pleased to be able to send you the final report from our recent follow-up study on the Food Stamp campaign.

We've concluded that the campaign has been successful in meeting its original goals of getting information into the hands of qualified non-participants. While a number of areas could stand improvements, overall we think the teams have done an excellent job.

After you've had a chance to review these materials, I'd very much appreciate having your comments.

Cordially,

Harvey Kipnis

HK/cp
Attachment

cc: L. Sirowitz
E. Hangley
K. Zavian
D. Kramer

FOOD STAMP FOLLOW-UP STUDY

PREPARED BY: ROSENFELD, SIROWITZ, HUMPHREY & STRAUSS
DATE: SEPTEMBER 21, 1987

BACKGROUND

In February 1986 RSH&S, in conjunction with the Advertising Council and the Committee for Food & Shelter, launched the Food Stamp Information Project.

The objective of this direct response pro bono campaign was to motivate the eligible non-participating poor to inquire about food stamps through the use of an 800 number featured in the advertising. Those who call the 800 number receive a free brochure via return mail which -

- outlines general qualifications for eligibility, including income and asset limits.
- includes a checklist of items which are likely to be required to complete an application for food stamps.
- describes, in general terms, how to apply for food stamps.

BACKGROUND - (CONTINUED)

WHILE THE CAMPAIGN HAS BEEN SUCCESSFUL IN GENERATING A SUBSTANTIAL NUMBER OF INQUIRIES TO THE 800 NUMBER, SEVERAL QUESTIONS REMAINED AS TO THE OVERALL EFFECTIVENESS OF THE CAMPAIGN, INCLUDING -

- THE RELATIVE IMPACT OF THE ALTERNATIVE MEDIA USED IN THE CAMPAIGN.
- THE LENGTH OF TIME TAKEN TO RECEIVE THE BROCHURE AFTER CALLING THE 800 NUMBER.
- OVERALL RATINGS OF THE BROCHURE, AS WELL AS RATINGS ON SPECIFIC CHARACTERISTICS.
- THE DEGREE TO WHICH THE BROCHURE INFLUENCED THE DECISION TO APPLY.
- REASONS FOR NON-APPLICATION.
- THE DEGREE TO WHICH THOSE WHO RECEIVED THE BROCHURE APPLIED FOR AND RECEIVED FOOD STAMPS.
- OVERALL RATINGS OF THE FOOD STAMP APPLICATION PROCESS, AND FOOD STAMP CASEWORKERS.
- DEMOGRAPHY.

THE OBJECTIVE OF THIS RESEARCH WAS TO TRACK BOTH THE ATTITUDES AND BEHAVIORS OF A RANDOM SAMPLE OF 800 NUMBER INQUIRERS VIA A TELEPHONE SURVEY.

METHODOLOGY

- In March 1987, approximately 4,300 names and telephone numbers of recent (8-16 weeks previous) 800 numbers inquirers were supplied by the campaigns' telephone service. These names were selected randomly.

- A total of 300 interviews were completed via telephone. Areas of questioning included those issues detailed on the preceding page. A sample telephone questionnaire can be found in Appendix A.

- Fieldwork was completed between March 20 and March 31, 1987.

SUMMARY/CONCLUSIONS

NET, THESE RESULTS INDICATE THAT THE TOTAL CAMPAIGN IS PERFORMING EFFECTIVELY IN THE FIELD.

- o THE ADVERTISING IS APPEALING TO THE RIGHT TARGET AUDIENCE AND IS CLEARLY GENERATING THE LARGEST PERCENTAGE OF THE CALLS. THE DIRECT RESPONSE MECHANISM HAS BEEN SUCCESSFUL IN FORWARDING BROCHURES TO RESPONDENTS ON A MOST TIMELY BASIS.

- o ALMOST ALL RESPONDENTS READ THE BROCHURE AFTER RECEIVING IT, AND 80% OF TOTAL RESPONDENTS RATED THE BROCHURE GOOD OR BETTER. THESE FINDINGS WERE CONSISTENT ACROSS ALL KEY DEMOGRAPHIC GROUPS.

- o THE BROCHURE RECEIVED POSITIVE RATINGS ON MOST KEY ATTRIBUTES, INCLUDING "BEING CLEAR AND EASY TO UNDERSTAND", "ANSWERING ALL YOUR QUESTIONS", AND "BEING INFORMATIVE AND EASY TO READ". AREAS THAT MIGHT BE IMPROVED CENTER AROUND "TELLING IF YOU QUALIFY" AND "PREPARING YOU TO APPLY".

- o APPROXIMATELY 22% OF THE WHO RECEIVED AND READ THE BROCHURE ACTUALLY APPLIED, AND A SUBSTANTIAL MAJORITY OF THOSE HOUSEHOLDS WHO RECEIVED FOOD STAMPS IN THE PAST 4 MONTHS THOUGHT THEY WOULD QUALIFY BASED ON THE BROCHURE - A MOST ENCOURAGING FINDING, ALBEIT AGAINST A SMALL BASE.

SUMMARY/CONCLUSIONS - (CONTINUED)

- AMONG THOSE WHO DID NOT APPLY, A MAJORITY DID SO AS A RESULT OF INFORMATION IN THE BROCHURE.

- WITH RESPECT TO THE APPLICATION PROCESS, RESPONDENTS PROVIDED MIXED RESPONSES WITH 47% RATING IT FAIR OR POOR, AND 53% GOOD OR BETTER. NOT SURPRISINGLY, BOTH POSITIVE AND NEGATIVE RATINGS CENTERED AROUND OVERALL LEVELS OF SATISFACTION WITH FOOD STAMP PERSONNEL - PARTICULARLY IN THE AREA OF "HELPFUL/COURTEOUS/PLEASANT ATTITUDES" - AND THE OVERALL LEVELS OF CONVENIENCE. NEGATIVE IMPRESSIONS OF CASE WORKERS WERE CLEARLY AN EXCEPTION TO THE NORM.

- DETAILED FINDINGS FOLLOW:

- TABLE 1 -

HOW FIRST LEARNED ABOUT 800 NUMBER

	% TOTAL RESPONDENTS (300)
TV Advertising	62%
Newspaper/Magazine Ad	10
Radio Advertising	9
Friend/Relative	6
Other/Don't Know	13
	100%

BASE: Total Respondents

o Not surprisingly, the vast majority of respondents found out about the 800 number from the television commercial, followed by print and radio advertising.

o The "other" category consisted of "pamphlet", "in the mail", "government offices", "word of mouth" and "phone book".

- TABLE 2 -

LENGTH OF TIME TAKEN TO RECEIVE BROCHURE AFTER CALLING 800 NUMBER

	% TOTAL RESPONDENTS (253)
LESS THAN 1 WEEK	30%
1 TO 2 WEEKS	44
2 TO 3 WEEKS	13
3 TO 4 WEEKS	7
LONGER/DON'T KNOW	6
	100%

BASE: RESPONDENTS WHO RECEIVED BROCHURE

o THE 800 NUMBER SERVICE/RESPONSE MECHANISM IS SUCCESSFULLY FORWARDING BROCHURES ON A TIMELY BASIS. 87% OF ALL INQUIRERS RECEIVED THEIR BROCHURE WITHIN 2-3 WEEKS.

- TABLE 3 -

EXTENT READ THE FOOD STAMP BROCHURE

	% TOTAL RESPONDENTS (253)
Yes Read Brochure	92%
No, Did Not Read Brochure	8

BASE: Respondents Who Received Brochure

o A SUBSTANTIAL MAJORITY READ THE BROCHURE AFTER RECEIVING IT.

- TABLE 4 -

OVERALL RATING OF THE BROCHURE ON PROVIDING INFORMATION THAT HELPED DETERMINE WHETHER HOUSEHOLD QUALIFIED FOR PROGRAM

	% TOTAL RESPONDENTS (234)	% 60+ (73)	% HIGH SCHOOL OR LESS (140)
EXCELLENT/VERY GOOD	47	47	44
GOOD	33	34	37
FAIR/POOR	20	19	18

BASE: RESPONDENTS WHO READ BROCHURE

- 80% OF TOTAL RESPONDENTS WHO READ BROCHURE RATED IT GOOD OR BETTER.
- AGAINST KEY DEMOGRAPHIC GROUPS THOUGHT MOST LIKELY TO HAVE DIFFICULTY WITH BROCHURE - THE ELDERLY AND THOSE WITH HIGH SCHOOL OR LESS EDUCATION - OVERALL RATINGS WERE ON PAR WITH THE TOTAL SAMPLE.

- TABLE 5 -

RATINGS OF BROCHURE ON SPECIFIC CHARACTERISTICS

	% TOTAL RESPONDENTS (234)		
	EXCELLENT/VERY GOOD	GOOD	FAIR/POOR
Clear/Easy To Understand	50%	35%	15%
Answering Your Questions	37	36	27
Providing Accurate Information	44	40	15
Being Informative	42	37	21
Easy to Read	55	37	8
Believable	44	38	18
Telling If You Qualify	35	33	30
Prepared You To Apply	28	38	34

BASE: Respondents Who Read Brochure

o Across most measures the response brochure received generally favorable ratings.

o Areas which might be improved in future printings - if practical - include "preparing you to apply" and "telling if you qualify".

- TABLE 6 -

EXTENT THOUGHT WOULD QUALIFY FOR FOOD STAMPS BASED ON BROCHURE INFORMATION

	% TOTAL RESPONDENTS	
	TOTAL (234)*	THOSE RECEIVING FOOD STAMPS IN PAST 4 MONTHS (26)**
Thought Would Qualify	42%	89%
Thought Would Not	46	-
Not Sure	12	12

*Respondents Who Read Brochure
**Caution -- Small Base

o Interestingly, 89% of those households who received food stamps in the past 4 months thought they would qualify based on the information in the brochure.

- TABLE 7 -

EXTENT BROCHURE INFLUENCED APPLICATION DECISION

	% TOTAL RESPONDENTS		
	TOTAL (234)	APPLIED (52)	DIDN'T APPLY (182)
BROCHURE INFLUENCED			
Great Deal/Somewhat	65%	81%	61%
Little Influence	14	12	15
No Influence	21	8	24
* * * *			
Actually Applied	22%		
Didn't Apply	78%		

BASE: Respondents Who Read Brochure

o Regardless of Brochure's "informativeness" or "clarity", it clearly had an enormous influence on the decision to apply.

o 22% of those who received and read the brochure actually applied for food stamps.

- TABLE 8 -

REASONS DID NOT APPLY WHEN BROCHURE RECEIVED AND READ

	% TOTAL RESPONDENTS (182)
NOT ELIGIBLE	56%
DIDN'T KNOW IF ELIGIBLE	3
COULDN'T APPEAR IN PERSON	7
APPLICATION PROCEDURES TOO COMPLICATED/HASSLE	7
DON'T NEED, CAN PROVIDE FOR FAMILY WITHOUT THEM	7
FOUND A JOB	3
GOT BROCHURE FOR SOMEONE ELSE	7
OTHER/MISCELLANEOUS	18

BASE: THOSE WHO DIDN'T APPLY - NOTE: THERE WERE MULTIPLE RESPONSES

o EXCLUDING "REAL" REASONS LIKE "FOUND A JOB" OR "GOT BROCHURE FOR SOMEONE ELSE", IT IS CLEAR THAT THE MAJORITY WERE ABLE TO DETERMINE THEIR NON-ELIGIBILITY FROM THE BROCHURE.

- TABLE 9 -

TOTAL APPLIED FOR AND RECEIVING FOOD STAMPS IN LAST 4 MONTHS

	% TOTAL RESPONDENTS APPLIED FOR FOOD STAMPS (300)	% TOTAL RESPONDENTS RECEIVING FOOD STAMPS (300)
YES	19%	9%
NO	81%	91%

BASE: TOTAL RESPONDENTS

o MEASURED AGAINST THE TOTAL SAMPLE OF 300, 19% APPLIED FOR FOOD STAMPS, AND 9% OF THOSE WHO RECEIVED THE BROCHURE RECEIVED FOOD STAMPS IN THE LAST 4 MONTHS.

- TABLE 10 -

RATING OF FOOD STAMPS APPLICATION PROCESS

	% TOTAL RESPONDENTS WHO APPLIED FOR FOOD STAMPS (58)
Excellent/Very Good	21%
Good	31%
Fair/Poor	47%

BASE: Total Respondents Who Applied

o A SUBSTANTIAL MINORITY OF FOOD STAMP APPLICANTS GAVE RELATIVELY LOW "FAIR-POOR" RATINGS TO THE APPLICATION PROCESS.

- TABLE 11 -

REASON FOR POSITIVE RATING OF APPLICATION PROCESS

	% TOTAL RESPONDENTS WHO RATED PROCESS POSITIVELY (58)**
Convenience (Subnet)	26%
Process is Easy/Hassle-Free	17%
Hours	2
Location	2
Fast/Quick	10
Personnel (Subnet)	17%
Helpful/Cooperative	12%
Knowledgeable	7
Pleasant/Courteous	7
Compassionate	3

BASE: Total Respondents Who Applied
**Caution -- Small Base - Note: Multiple Responses

o Convenience and Food Stamp personnel were the main reason for positive ratings of the Food Stamp application process.

- TABLE 12 -

REASONS FOR NEGATIVE RATINGS OF APPLICATION PROCESS

	% TOTAL RESPONDENTS WHO RATED PROCESS NEGATIVELY (58)**
Personnel Rude, Not Compassionate (Net)	14%
Inconvenient (Net)	31%
Forms, Paperwork, Red Tape	10%
Takes Too Long	19
Frustrating	10
Requirements Need Revision	10
Qualifications Not As In Brochure	9
Process Inefficient	19
Process Unfair	12

BASE: Total Respondents Who Applied
**Caution -- Small Base - Note: Multiple Responses

o Similarly, inconvenience and personnel problems were the main reasons for negative responses to the application process.

- TABLE 13 -

RATING OF FOOD STAMP CASE WORKER

	% TOTAL RESPONDENTS INTERVIEWED BY CASE WORKER (47)**
A. POSITIVE (75%)	
Helpful/Cooperative	53%
Pleasant/Friendly/Courteous	40
Well Informed	28
Compassionate/Understanding	21
Did Best In Difficult Situation	13
B. NEGATIVE (28%)	
Uncooperative	21%
Rude/Inconsiderate	15
Uninformed	6
Slow	4

**Caution -- Small Base - Note: Multiple Responses

o Helpfulness, cooperation, and courtesy were the keys to generating positive case worker ratings.

- TABLE 14 -

PRIMARY DEMOGRAPHIC CHARACTERISTICS OF FULL SAMPLE

FEMALE	61%
AGE	
Under 50	33%
40-59	31%
60+	36%
Not Employed	69%
PERSONS IN HOUSEHOLD	
One	28%
Two	26%
Three+	46%
Children Under 18 In Home	35%
Someone In Home Disabled	28%
Education	
Not High School Graduate	25%
High School Graduate Only	36%
Some College	20%
College Graduate Or More	19%
Household Income	
Under $9,000	32%
$9,000-$14,999	20%
Refused Under $15,000	6%
Total Under $15,000	58%
$15,000-$20,999	11%
Over $21,000	11%
Refused Over $15,000	4%
Total Over $15,000	26%
Complete Refusal	16%

APPENDIX A

- QUESTIONNAIRE -

LEKAS & ASSOCIATES, INC.
353 Lexington Avenue
New York, NY 10016

Food Stamp Study
Job #8734
March, 1987

FOOD STAMP STUDY

TIME OF INTERVIEW: BEGUN:______________________ ENDED:________________

RESPONDENT'S NAME:______________________________ PHONE #:________________ 5-

ADDRESS:____________________CITY______________STATE______________ 6-

INTERVIEWED BY:_______________________________DATE:________________

VALIDATED BY:__________________________________DATE:________________

INDICATE SEX: Male ( ) 7-1 Female ( ) -2

8-
9-
FROM LIST INDICATE DATE RESPONDENT PHONED 800#____/__/____ 10-
11-
12-
13-

(ASK TO SPEAK TO LISTED RESPONDENT -- IF NOT AT HOME, DETERMINE THE BEST TIME TO REACH HIM/HER TODAY AND CALL BACK AT THAT TIME: ____________AM/PM)

Hello (RESPONDENT), my name is ____________ from L & A Research, an independent national marketing research company. Today we are conducting a short survey in your area on the topic of Food Stamps. Please be assured that we just want to get your reactions and opinions of the Food Stamp Program. We are neither selling anything nor evaluating you on your eligibility for the Food Stamp Program. We are not affiliated with the U.S. Government but rather we are an independent market research company seeking the opinions of people like yourself.

A-1 Now, over the past four months did you call an 800 number about information regarding Food Stamps?

Yes ( )14-1 (SKIP TO Q.1)
No ( ) -2 (ASK Q.A-2)

(IF "NO" IN Q.A-1, ASK:)

A-2 Did anyone else in your household call an 800 number about Food Stamps over the past four months?

Yes ( ) (ASK TO SPEAK WITH THAT PERSON -- WHEN HE/SHE COMES TO THE PHONE REPEAT Q.A-1 WITH HIM/HER -- IF THAT PERSON IS NOT AT HOME DETERMINE THE THE BEST TIME TO REACH HIM/HER AND RECORD THAT DAY AND TIME HERE: ____________ ____________AM/PM)
DAY TIME

No ( ) (TERMINATE AND RECORD IN BOX BELOW)

TERMINATE Q.A-1/A-2 -- "DID NOT CALL AN 800 # IN PAST 4 MONTHS CONCERNING FOOD STAMPS"

( )-01	( )-02	( )-03	( )-04	( )-05	( )-06	( )-07	( )-08	( )-09	( )-10	15-
( )-11	( )-12	( )-13	( )-14	( )-15	( )-16	( )-17	( )-18	( )-19	( )-20	16-

TERMINATE -- QUALIFIED REFUSAL - MALE

( )-01	( )-02	( )-03	( )-04	( )-05	( )-06	( )-07	( )-08	( )-09	( )-10	17-
( )-11	( )-12	( )-13	( )-14	( )-15	( )-16	( )-17	( )-18	( )-19	( )-20	18-

TERMINATE -- QUALIFIED REFUSAL - FEMALE

( )-01	( )-02	( )-03	( )-04	( )-05	( )-06	( )-07	( )-08	( )-09	( )-10	19-
( )-11	( )-12	( )-13	( )-14	( )-15	( )-16	( )-17	( )-18	( )-19	( )-20	20-

1. You mentioned that you called an 800 number regarding information about Food Stamps. How did you first learn about this 800 number? (DO NOT READ LIST)

T.V. advertisement	( )21-1
Radio advertisement	( ) -2
Newspaper/magazine ad	( ) -3
Friends	( ) -4
Relative/other members of the household	( ) -5
Other (SPECIFY:)	
________________________	( ) -6
________________________	( )

2a. As a result of your telephone conversation, did you receive a brochure about the Food Stamp Program in the mail?

Yes	( )22-1	(ASK Q.2b)
No	( ) -2	(SKIP TO Q.3a)

(IF "YES" TO Q.2a, ASK:)

2b. How long did it take to receive the Food Stamps Brochure from the time you called the 800 number? (READ LIST)

Less than one week	( )23-1
1 up to 2 weeks	( ) -2
2 up to 3 weeks	( ) -3
3 up to 4 weeks	( ) -4
4 up to 5 weeks	( ) -5
Five or more weeks	( ) -6

2c. Did you read the brochure?

Yes	( )24-1	(ASK Q.2d)
No	( ) -2	(SKIP TO Q.3a)

(IF "YES" IN Q.2c, ASK:)

2d. Overall, how would you rate the Brochure on providing information that helped you determine whether your household qualified for the Food Stamp Program. Would you say... (READ LIST)?

Excellent	( )25-5
Very good	( ) -4
Good	( ) -3
Fair, or	( ) -2
Poor	( ) -1

2e. Now I'd like you to rate the Food Stamps Brochure on a series of specific characterisics using the following scale: Excellent, Very Good, Good, Fair and Poor. Let's begin. How would you rate the Food Stamp Brochure on (READ CHECKED CHARACTERISITC)? Would you say the Brochure was Excellent, Very Good, Good, Fair or Poor on (READ CHECKED CHARACTERTISTIC)? (READ ENTIRE LIST STARTING WITH /'D CHARACTERISTIC AND RECORD ONE RESPONSE FOR EACH -- YOU MUST REPEAT RATING SCALE FOR EACH CHARACTERISTIC)

START HERE:		Excellent	Very Good	Good	Fair	Poor
( )	Being clear and easy to understand	( )26-5	( ) -4	( ) -3	( ) -2	( ) -1
( )	Answering all your questions	( )27-5	( ) -4	( ) -3	( ) -2	( ) -1
( )	Providing accurate information	( )28-5	( ) -4	( ) -3	( ) -2	( ) -1
( )	Being informative	( )29-5	( ) -4	( ) -3	( ) -2	( ) -1
( )	Being easy to read	( )30-5	( ) -4	( ) -3	( ) -2	( ) -1
( )	Being believable	( )31-5	( ) -4	( ) -3	( ) -2	( ) -1
( )	Telling you if you and your family qualify	( )32-5	( ) -4	( ) -3	( ) -2	( ) -1
( )	Preparing you to apply for Food Stamps	( )33-5	( ) -4	( ) -3	( ) -2	( ) -1

2f. Based on the information in the Brochure, did you think you would qualify for the Food Stamp Program?

Yes	( )34-1
No	( ) -2
Not sure	( ) -3

2g. Did you apply for Food Stamps at that time?

Yes	( )35-1
No	( ) -2

2h. To what extent did the Brochure influence your decision (to apply) (not to apply) for Food Stamps. Would you say... (READ LIST)?

The brochure influenced your decision a great deal	( )36-4
The brochure influenced your decision somewhat	( ) -3
The brochure had little influence on your decision	( ) -2
The brochure had no influence on your decision	( ) -1

REFER TO Q.2g -- IF "NO" MENTIONED, ASK Q.2i; OTHERWISE SKIP TO Q.3a.

2i. Why didn't you apply for Food Stamps? (PROBE:) What else?

______________________________ 37-

______________________________ 38-

______________________________ 39-

______________________________ 40-

(SKIP TO Q.4A)

3a. In the past four months did you receive any Food Stamps?

Yes	( )41-1	(SKIP TO Q.4a)
No	( ) -2	(ASK Q.3b)

(IF "NO" IN Q.3a, ASK:)

3b. Why haven't you receive any Food Stamps?

____ 42-

____ 43-

____ 44-

____ 45-

IF MENTIONS OF "APPLICATION STILL PENDING" OR "APPLIED BUT HAVE NOT YET RECEIVED FOOD STAMPS" STATED IN Q.3b, ASK Q.3c; OTHERWISE, SKIP TO BOXED INSTRUCTION BEFORE Q.4a.

3c. How many weeks ago did you apply for Food Stamps? (RECORD EXACT NUMBER OF WEEKS MENTIONED)

46-
# __________ weeks ago 47-

IF "YES" MENTIONED IN Q.2g OR Q.3a ASK Q.4a; OTHERWISE SKIP TO Q.AA.

4a. Overall, how would you rate the process of applying for Food Stamps. Would you say the Process is... (READ LIST)?

Excellent	( )48 -5
Very good	( ) -4
Good	( ) -3
Fair, or	( ) -2
Poor	( ) -1

4b. Why do you say that? (PROBE:) What else?

____ 49-

____ 50-

____ 51-

____ 52-
53-

5a. Thinking back to the time when you first applied for Food Stamps, were you interviewed by a Food Stamp Case Worker?

Yes	( )54 -1	(ASK Q.5b)
No	( ) -2	(SKIP TO Q.AA)

(IF "YES" IN Q.5a, ASK:)

5b. Where did this interview take place? Did you... (READ LIST)?

Go to the Case Worker's office	( )55-1
Did the Case Worker visit you at your home, or	( ) -2
Was it done by telephone	( ) -3

5c. Overall, how would you rate the Food Stamp Case Worker who conducted the interview. Would you say that person was... (READ LIST)

Excellent	( )56-5
Very good	( ) -4
Good	( ) -3
Fair, or	( ) -2
Poor	( ) -1

5d. Why do you say that? (PROBE:) What else?

____ 57-

____ 58-

____ 59-

____ 60-
61-

Now, just a few last questions for classification purposes only.

(ASK EVERYONE)

AA. Could you please tell me into which of the following groups your age falls? (READ LIST)

	Under 21	( )62-1
	21 - 29	( ) -2
	30 - 39	( ) -3
	40 - 49	( ) -4
	50 - 59	( ) -5
	60 - 69	( ) -6
	70 and over	( ) -7
(DO NOT READ)	Refused	( ) -y

BB. What is your marital status? Are you... (READ LIST)

Married	( )63-1
Single/never married	( ) -2
Divorced/widowed/separated	( ) -3

CC. How many people including yourself currently live in your household? (DO NOT READ LIST)

One	( )64-1 →	(SKIP TO Q.FF)
Two	( ) -2	(ASK Q.DD)
Three	( ) -3	
Four	( ) -4	
Five	( ) -5	
Six or more	( ) -6	

(IF "TWO OR MORE" MENTIONED IN Q.CC, ASK:)

DD. Are there any children under the age of 18 living in your household?

Yes	( )65-1	(ASK Q.EE)
No	( ) -2	(SKIP TO Q.FF)

(IF "YES" IN Q.DD, ASK:)

EE. How many children in your household are... (READ LIST -- IF "NONE" RECORD A ZERO)

Under age 2	________	66-
Between 2 and age 6	________	67-
6 - 12	________	68-
13 - 15	________	69-
16 - 18	________	70-

(ASK EVERYONE)

FF. Is anyone in your household disabled?

Yes	( )71-1
No	( ) -2

GG. Are you currently employed?

Yes	( )72-1 → (ASK) Is that... (READ LIST)	
Full-time	( ) -2	(ASK Q.HH)
Part-time	( ) -3	(ASK Q.HH)
No	( ) -4	(SKIP TO Q.II)

(IF "YES" IN Q.GG, ASK:)

HH. What type of work do you do? (PROBE FOR SPECIFIC JOB TITLE)

____ 73-

(ASK EVERYONE)

II. What was the last grade of school you completed? (DO NOT READ LIST)?

Grade school	( )74-1
Some high school	( ) -2
Completed high school	( ) -3
Some college	( ) -4
Graduated college	( ) -5
Some post graduate work	( ) -6
Post graduate degree	( ) -7

JJ. Is your total annual household income before taxes under $15,000 or $15,000 and over?

	Under $15,000	( )75-1	(ASK Q.KK)
	$15,000 and over	( ) -2	(SKIP TO Q.LL)
(DO NOT READ)	Refused	( ) -3	(THANK RESPONDENT AND END INTERVIEW)

(IF "UNDER $15,000" IN Q.JJ, ASK:)

KK. Which of the following categories included your total annual household income before taxes? (READ LIST)

	Under $6,000	( )76-1	(THANK RESPONDENT AND END INTERVIEW)
	$6,000 - 8,999	( ) -2	
	$9,000 - $11,999	( ) -3	
	$12,000 - $14,999	( ) -4	
(DO NOT READ)	Refused	( ) -y	

(IF "$15,000 AND OVER" IN Q.JJ, ASK:)

LL. Which of the following categories included your total annual household income before taxes? (READ LIST)

	$15,000 - $17,999	( )77-1
	$18,000 - $20,999	( ) -2
	$21,000 - $23,999	( ) -3
	$24,000 or over	( ) -4
(DO NOT READ)	Refused	( ) -0

THANK RESPONDENT

80-1

Mr. **Solomon**. Sure.

Mr. **Emerson**. Thank you.

Mr. **Hatcher**. Thank you, gentlemen.

Mr. **Harman**. Thank you.

Mr. **Hatcher**. Our next witness is Mr. Robert J. Fersh, executive director of Food Research and Action Center located here in Washington, DC.

We would like to welcome you,.Mr. Fersh. We look forward to your testimony.

STATEMENT OF ROBERT J. FERSH, EXECUTIVE DIRECTOR, FOOD RESEARCH AND ACTION CENTER, ACCOMPANIED BY DAVID SUPER, STAFF ATTORNEY

Mr. **Fersh**. Thank you.

Mr. Chairman, I have a lengthy statement that I would ask to be included in the record and I will provide a summary of remarks.

Mr. **Hatcher**. Without objection, so ordered.

Mr. **Fersh**. First, thank you very much for the opportunity to be here. With me is David Super, who is a staff attorney with us at FRAC. We very much appreciate the opportunity to testify today and I think that it is wonderful that you are providing so much attention to these issues so much ahead of the curve.

I am going to depart from my prepared testimony for a moment to offer a few comments about the dialog that occurred previously about the West Virginia situation.

First, I want to say that I have met with Assistant Secretary Bertini several times now and I am really very much looking forward to working with her. I think she is quite open. I think she is quite reasonable and I think that she will do a good job from what I can tell.

I was, however, disappointed in her reactions to Mr. Staggers line of questioning and I hope it is just because of her relative inexperience.

But in terms of virtually any test you put forward, the USDA policy is quite indefensible. And I think the first thing to point out is that the issue goes well beyond the clothing allowances in West Virginia. It goes to battered women shelters in Minnesota. It goes to New York City welfare hotel situations. It goes to the allowances for blind SSI recipients in Washington. So it has broad policy implications.

And then getting back to the standards that USDA put forth, first of all, it is much more difficult administratively to be counting these things as income than not to count them. So on an efficiency basis, it does not make sense to do that.

Second, it clearly hurts poor people. That is, I think, undisputed, that in fact these policies are hurting poor people. It never used to be the policy of the Department to count these things. Now we really do not see a reason other than to save money why such polices should go forward.

Third, I am a little puzzled by her response that she is not sure she has the authority to make changes administratively. Clearly, it was the policy before to exclude these payments. Two courts now in West Virginia and Minnesota have found to the contrary. And we think, based upon our own legal analysis, that not only is it—does she have the authority, but she is required to do so under the law to exclude these kinds of payments.

The last item I want to mention is I am little concerned about the point made in the finale, which is here they have saved money administratively by counting things as income that never used to be counted before and the implication is that they are going to wait for you to legislate and then it has to be weighed in some context of budget neutrality as if the savings already that have occurred are in the baseline, and now in order for you to get this policy back, there is going to have to be cuts someplace else.

So I would flag that as something I would view of major concern and think that the optimum way to fix this would be administratively and I would hope that you have success working with Assistant Secretary Bertini to fix that situation.

Now I am going to just briefly summarize the major themes in my testimony and I want to say at the outset that I agree with Mr. Emerson's comments that there remain large unmet needs around the country in terms of people going hungry in America and we need to take care of them. We need to address those needs and many of the points made today I think are important.

There are many people under current law who are eligible and ought to be getting benefits and I think redoubling efforts to extend the program to them are appropriate.

In addition, virtually everything that I am going to recommend I view as an administration simplification. So I think we meet that standard that in fact not only will it not hurt the administration, but it is likely to simplify it.

I think the broader context for your operations on the Food Stamp Program in the next few months are that we continue to have large unmet needs in this country.

Ten days ago or 12 days ago, the new poverty statistics came out and it showed from 1987 to 1988 there was no statistically significant reduction in poverty in this country, despite the fact that unemployment went from 6.2 percent to 5.5 percent between 1987 and 1988.

We are now more than 6 years into an economic recovery and yet we have 5.8 million more people living in poverty in America than at any time in the 1970's, even recessionary periods.

Perhaps worse than that, the poor are getting poorer. The percentage of people living below half the poverty line, which is $6,000 a year for a family of four, is at a 15-year high. That means that these people are really scraping to get by and when you recognize that half the poverty line for a family of four is $6,000 a year, it is hard to imagine that these people are not facing chronic food shortages.

In my testimony I describe an exciting groundbreaking study that we are conducting at FRAC in conjunction with local groups where we are measuring hunger amongst children. The upshot of this study, and we will be releasing major results next spring, is that we think that if the initial results hold up we will find that 2 to 5 million American children today have a severe hunger problem and 8 to 10 million children altogether are at risk of hunger.

Hunger is a subjective term, but we believe we have distilled a survey instrument that comes closer perhaps than any other instrument to actually measure whether in fact children are going hungry in this country.

I might add parenthetically that on December 12 nationwide there will be a documentary on hunger in America and it does feature a lot of the results in our CCHIP survey and we hope that it will receive attention from Congress.

I think to get to the nub of my testimony, the question is really what ought to be done about the problem? And I want to just out of context say that there are many possible solutions to the problem, but we think that most of your energies should be devoted to the Food Stamp Program.

We drew together about 75 antihunger leaders from 37 States earlier this month to talk about what ought to be done about hunger in the short term and long term. These included food bankers, emergency food providers, as well as advocates, attorneys, others, and public program administrators.

The concept that they came to was one of food security and basically they said that although programs like TEFAP and private charitable efforts are terribly important and are filling gaps now, we need to move to a system whereby people can get food through normal channels. If you have to rely upon private charity, there is no food security. We very much believe that strengthening programs like food stamps and other entitlements to people is the proper way to try to make sure that people in America do not go hungry.

Before he died, Congressman Mickey Leland seemed to be pushing this concept very much in terms of both a global approach and domestically and we believe that that should be the driving force, this food security notion, on how we deal with hunger in America.

Again, the TEFAP program is terribly important. It fills gaps where the Food Stamp Program does not reach. It helps supplement food stamps for some people. But we do not think that that is where major new resources ought to go. We are troubled to think that money that might otherwise go into strengthening food stamps would have to be applied to additional purchases of TEFAP commodities. At a minimum, we think that this program should not be expanded over current levels.

We strongly support TEFAP's reauthorization. We think the continuation of administrative funding to people operating the program is terribly important.

We do urge the committee to consider an amendment that would allow certain agencies to be certified for TEFAP, agencies that serve predominantly the poor so they do not have to in turn certify every individual who comes in the door.

If they are serving almost exclusively poor people, we could lift a significant paperwork burden off of them.

In terms of food stamp priorities, there is none higher in our minds than eliminating the cap on the excess shelter cost deduction of the Food Stamp Program.

At this point in time there is really no policy justification that remains for that. That cap applies only to households with children or households that are nonelderly or nondisabled and we believe it is terribly important that these households on the brink of homelessness no longer be subject to that cap.

What that cap does basically is that it causes the program, the Food Stamp Program, to assume that some people have money available for food that actually goes to shelter and we think it is terribly important that cap be eliminated.

Similarly, there are some policies, as discussed by GAO, that continue to contribute to homelessness through the Food Stamp Program in terms of the household definition and we urge the committee to revise the assumption that certain relatives who live together necessarily must be one food stamp household. We urge you to change that household definition.

We think there needs to be continuing progress in terms of the overall benefit levels prorated based on the Thrifty Food Plan. The Hunger Prevention Act took a giant step forward in terms of going above 100 percent of the Thrifty Food Plan and we think that there needs to be some further increases.

The limit on the value of an automobile you can have and be in the Food Stamp Program is a significant limiting factor in participation in our view. That limit was set at $4,500 in 1977 and it is way out of date. The President's Task Force on Food Assistance of 1984 recommended it going to $5,500 and we think it is time to increase that limit.

My testimony details other changes we think are important to open access to the program for students and to make AFDC and food stamps consistent in terms of the first $50 payment of child support, disregarding that first $50 for food stamp purposes.

Mr. Chairman, I know time is late and it appears that there is a vote soon and I will try to wrap up very, very quickly.

We hope that the committee will not view favorably the bill submitted by USDA last August. There are several features we think are particularly off the mark. One of them would provide more time for States to process expedited service. I honestly do not believe the States really need that time. My conversation with State food stamp directors in Alabama last week tended to lend credence to that, but the change proposed by the administration would basically penalize people facing holiday weekends and allow State agencies to wait until the end of the weekend to provide expedited service to people who are the most destitute.

In addition, we are deeply concerned about any delay in implementing standards in the employment and training programs that would supercede the current participation standards, which we think lead to superficial and unmeaningful approaches.

I am going to conclude here in the interest of time. Thank you very much for the opportunity to testify.

[The prepared statement of Mr. Fersh appears at the conclusion of the hearing.]

Mr. **HATCHER**. Thank you, Mr. Fersh.

We had a lady testify in Atlanta at a hearing we had that she had temporarily lost her job or had significant decrease in pay, for that reason applied for food stamps and was denied because she had an automobile worth around $8,000, but she owed at least as much as the value of the car. So she had no equity.

Is there any reason in your opinion to count the fair market value of a vehicle as opposed to the equity that a person might have in the vehicle?

Mr. FERSH. Mr. Hatcher, my view is that that is one of several viable approaches. I am not sure that is the most optimum way, but I think that would be an improvement to take a look at the equity value—take a look at the fair market value—sorry, the equity value versus the fair market value.

But we think the important thing is for most people, especially with the growth of working poor households, to either maintain a job or to look for work you need to have a decent car and people should not be forced to sell it.

And we would be happy to work with you on any number of ideas that have surfaced that to us make sense.

Mr. HATCHER. Thank you very much.

Mr. Emerson.

Mr. EMERSON. I thank you, Mr. Chairman. I see we are beyond the second bells for a vote and I think we are probably headed into a series of votes. So I take that we probably will not be returning.

Mr. HATCHER. Unless you insist.

Mr. EMERSON. No, I just wanted to say that the witness is a Washington hand and is here and available. I would hope that we could look to discussions with him throughout our deliberations on this subject for his input, as with the other witnesses.

Obviously, we have some differences of opinion, which I think need to be thrashed out. Mr. Fersh is well aware of my interest in TEFAP and the belief that perhaps it should be modestly enhanced, if not expanded, and I will not belabor that point here. We do look forward to working with you and having an ongoing dialog as we address the food stamp and other nutrition programs in the 1990 Food Security Act.

Thank you for your statement here today.

Mr. FERSH. Thank you, Mr. Emerson. I look forward to working closely with you.

Mr. HATCHER. Thank you for being here, Mr. Fersh, and for your testimony, Mr. Super.

Mr. FERSH. Thank you.

Mr. HATCHER. That concludes the hearing.

[Whereupon, at 3:15 p.m., the subcommittee was adjourned, subject to the call of the Chair.]

[Material submitted for inclusion in the record follows:]

TESTIMONY OF REP. BOB WISE

CHAIRMAN, GOVERNMENT OPERATIONS SUBCOMMITTEE ON

GOVERMENT INFORMATION, JUSTICE, AND AGRICULTURE

BEFORE THE

HOUSE AGRICULTURE SUBCOMMITTEE ON

DOMESTIC MARKETING, CONSUMER RELATIONS AND NUTRITION

OCTOBER 31, 1989

Mr. Chairman and members of the subcommittee, I would like to express my sincere appreciation for being given the opportunity to appear before this panel to address an issue that is of grave concern to me. I would also like to commend Chairman Charles Hatcher for the leadership he has shown as Congress enters into the process of the reauthorization of the Food Stamp program.

On September 28, 1989 the Government Operations Subcommittee on Government Information, Justice, and Agriculture, of which I am Chairman, conducted a hearing on the Relationship of State Assistance Programs and Federal Food Stamp Allocations. We were fortunate to be joined on that day by a member of this Subcommittee and my colleague from West Virginia, Harley Staggers.

I called this hearing because of my concern over recent rulings by the U.S. Department of Agriculture's Food and Nutrition Service (FNS) regarding some critical state benefit programs and their treatment as income to the recipient. I would like to offer the record we created in this hearing to the Subcommittee on Domestic Marketing and Nutrition for its use in the reauthorization process of the Food Stamp Program.

In my own state of West Virginia, a yearly $100 school clothing allowance has been in place for 19 years. Amazingly, FNS decided last year that it had been making a mistake for nearly two decades, and ordered the state to count participation in the program as income and reduce Food Stamp allocations for the month the clothing vouchers were received. This presented 20,000 of West Virginia's most needy families with the unenviable decision of whether to clothe or feed their children. Many stated that the loss of roughly $33 in Food Stamps for each child receiving a clothing voucher would cause them to run out of food during that month.

The FNS ruling was challenged successfully in Federal Court in West Virginia, but it has since been appealed by the USDA. Interestingly, the State of Massachusetts has a similar program and was told by FNS that their clothing allowances must be considered as income. Massachusetts has had its program in place since 1981 and had never reduced Food Stamps because of participation in the program. This case also ended up in Federal Court, but unlike West Virginia, the Judge there ruled that the FNS decision was correct. Massachusetts has since appealed.

Perhaps the most outrageous example of the suffering brought about by facing a choice of accepting a special needs payment or the reduction of Food Stamps comes from the State of Washington. Since 1977 Washington has had in place a program that provides $33 per month for food for guide dogs for the blind. In what is becoming a most distressing pattern, FNS decided that the dog food allowance is income to the blind person. One of the people affected by this decision submitted testimony at my Subcommittee's September 28 hearing. Her name is Cheryl Collier, and I would like to read briefly from her testimony. "I don't understand why DSHS counts the money I receive for dog food as money I can spend on myself. If I didn't have the dog, I wouldn't get the additional $33 and would receive food stamps based upon my basic income. That would leave me barely enough money for food for myself....Because DSHS now reduces my Food Stamps [because of the guide dog benefits] I receive and spend on the dog, I have fewer Food Stamps to purchase my own food. In addition, now they want me to pay them back for Food Stamps they gave me before they told me they had changed the rules. It makes no sense." I agree with Ms. Collier.

During our hearing on September 28, several members requested that an administrative solution be found to end this cruel treatment of some of our most unfortunate citizens. The FNS seemed very reluctant and claimed they were following "Congressional Intent." I cannot imagine that this Congress ever intended to make poor families choose between winter clothing and food for their children or blind people between dog food and Food Stamps. I therefore have introduced, along with my colleague Harley Staggers, H.R. 3542, which amends the Food Stamp Act of 1977 to require that certain children's clothing allowances and certain costs associated with seeing eye and hearing dogs be excluded from income in determining Food Stamp Allocations. I am also requesting that the General Accounting Office begin an investigation into the scope of the special assistance payments being offered by states and the treatment they receive from FNS.

Mr. Chairman and members of the Subcommittee I am very eager to remedy this situation and urge you to study this problem as you continue the reauthorization process of the Food Stamp Program. We have courts ruling on both sides of these issues, states with similar programs being treated differently and poor people being forced to make some dreadful choices regarding their children and families. Perhaps the Charleston Daily Mail in West Virginia said it best: "The bureaucrats came up with a heartless policy that will punish school children in West Virginia for being poor--a policy that will force parents to choose between feeding their children or clothing them each fall....The clothing voucher program is one of the 1,000 points of light, you might say. Why the administration persists in the effort to snuff it out is beyond understanding." This concludes my prepared testimony, I would be happy to take any questions members of the Subcommittee may have.

TESTIMONY OF CATHERINE A. BERTINI
ASSISTANT SECRETARY FOR FOOD AND CONSUMER SERVICES
U.S. DEPARTMENT OF AGRICULTURE
BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE
SUBCOMMITTEE ON DOMESTIC MARKETING,
CONSUMER RELATIONS AND NUTRITION
OCTOBER 31, 1989

Thank you, Mr. Chairman and Members of the Committee. It is indeed a pleasure for me to be here today, joining you as you begin consideration of the food stamp portion of the 1990 Farm Bill. We share the same goals that you outlined in your letter of invitation and look forward to working with you during this reauthorization process to explore "ways to make the program more receptive to the needs of recipients and more efficient in its administration."

Having come from two years at the U.S. Department of Health and Human Services, I can say that my major objective there--and here at the U.S. Department of Agriculture (USDA)--is to design programs with the best interest of the client (or prospective client) population at heart. I believe we can move in this direction within the context of the challenges that the budget deficit presents.

In the three weeks I have been at USDA, I have met with Members of Congress, Congressional staff, State food stamp directors, advocacy group leadership and, of course, Administration officials, to discuss expectations and concerns for the Farm Bill. As a result, I would like to begin our formal dialogue today around three concerns.

The first concern involves the current complexity of program administration.

As we begin work on the 1990 Farm Bill, we face a familiar dilemma. On one hand, the Farm Bill presents an important opportunity to make changes to the Food Stamp Program to make it work better. On the other hand, there is no escaping the realization that each time the Act is amended, the new law itself poses a new round of complex changes for caseworkers to master, changes that often affect the program's applicants and recipients.

Last week, I visited a food stamp office in Mobile, Alabama, and listened to what a caseworker there had to say about the program. I have also looked over the food stamp manuals used by caseworkers in New York and California, and brought one here with me today. As a newcomer in the area of food stamps, I must say I found the food stamp rules to be voluminous and about as clear to read as the U.S. Tax Code.

The program's current complexity has many consequences. The complexity has contributed to rising administrative costs, an error-prone administrative process, and a frustrating web of rules and requirements, often inexplicable to caseworkers and incomprehensible to participants. Yet, the program routinely delivers benefits to more than 18 million people every month, and we have seen significant progress in reducing errors in recent years--signs that it is possible, if not always easy, to manage complexity.

Much of the complexity has built up over the years as the Program attempted both to respond to the variety of special circumstances we find among the nation's poor and to maintain an appropriate level of fiscal accountability. Such changes are not easily undone, nor should all be, but we should be cautious before introducing additional complexity.

Since the last reauthorization of the Program, just four years ago, Congress has enacted changes affecting its operations on 20 separate occasions. This a matter of some concern because of the requisite changes to regulations and procedures that must be carried through from the Federal, State and local levels.

We need to look at ways to make the Food Stamp Program simpler to administer and "user friendly" for applicants and recipients. As we consider how to go about doing this, I am mindful that there is a body of opinion suggesting that we forego making further major changes at this time and simply allow the program to "settle in," give caseworkers more time to comprehend past changes, and let error rates decrease. As you might imagine, many of the food stamp employees I have spoken to found merit in this strategy.

Clearly, we are called upon to consider each possible program "improvement" with great care and restraint--recognizing that, in some cases, even the most well-intended and targeted change may create more problems than we hope it resolves. We must also do a better job setting realistic implementation dates for any new provisions that we recommend so that States have enough lead time to gear up for statutory deadlines. We need to work on this for the State agencies'--and, ultimately, our clients'--sakes.

This brings me to a second concern. We need to be looking at each proposed change to the Food Stamp Program and evaluating it in terms of what progress we are making in achieving greater conformity with other federal assistance programs.

I recognize that there are important reasons why separate programs have their own identities and objectives. Nevertheless, I recommend that we take a closer look at the day-to-day independent procedures that each program is employing to establish that these differences are necessary and desirable. We should examine the administrative costs as well.

An example is the Food Stamp Program's employment and training component. We estimate that spending will be $161 million on food stamp employment and training this year. Meanwhile, under the AFDC Program, $800 million is authorized for the Job Opportunities and Basic Skills Training Program in FY 1990, and $1.8 billion more for the Job Training Partnership Act services to economically disadvantaged adults and youth. We should ensure that these programs are compatible and non-duplicative.

I believe that it is imperative that we strive for consistency in the rules we set for our major federal aid programs. I am committed to putting my expertise from the Department of Health and Human Services to work at the Department of Agriculture so that low-income families applying for food stamps, AFDC, and Medicaid benefits will face an eligibility system they can understand and an eligibility process which minimizes unnecessary paperwork.

We can do a good job in designing the federal assistance programs of the 1990's. I am eager to work with you to make this happen.

The final concern that must be addressed as we look to shape the future of the Food Stamp Program inevitably is the pressing need for fiscal restraint. Fiscal Year 1991 will be an extremely difficult budget year. The Gramm-Rudman-Hollings deficit reduction target falls to $64 billion, $36 billion less than this year's target. At the same time, we expect the Food Stamp Program to cost about $15.5 billion in 1991, an increase of more than $2.5 billion from 1989.

The Food Stamp Program has become so large that nearly every proposal to simplify, coordinate or improve program operations will have significant budgetary implications. The budget climate forces all of us to make hard, pragmatic choices. Is there compelling evidence that aspects of the program do not work as intended? Is there a clear solution to the problem? Is the change worth the cost? Can the cost be offset by changes elsewhere?

As the former Administrator of the $14 billion program at the Family Support Administration, I can certainly appreciate the toughness of this task. There are no easy answers. It is my hope that these hearings will offer witnesses an opportunity to offer suggestions along these lines.

Mr. Chairman, Members of the Committee, this concludes my prepared testimony. I would be happy to answer any questions that you may have.

Statement of
John W. Harman, Director
Food and Agriculture Issues
Resources, Community, and Economic
Development Division

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss our ongoing and recently completed work on the Food Stamp Program, which is administered by the U.S. Department of Agriculture's Food and Nutrition Service. Specifically, we will summarize our past and current work on (1) food stamp automation, (2) alternatives to the current definition of a food stamp household, and (3) ways to improve the benefit opportunities for people eligible for the Food Stamp Program. I will begin by discussing state agencies' use of federal funding for automating their food stamp operations.

FOOD STAMP AUTOMATION

The Congress and administrators of federal, state, and local programs consider automation to be a major factor in helping state and local agencies reduce program errors, manage large caseloads, improve services to participants, and implement complex requirements. In addition to the normal rate of federal funding of 50 percent for developing and operating automated systems, the Food Stamp Act Amendments of 1980 increased the federal share of costs to 75 percent to encourage states not yet automating to begin automating their Food Stamp Programs. Since 1980, state agencies have spent about $524 million in federal and state funds to automate their Food Stamp Programs.

In our current work on food stamp automation, being done at the request of Congressman Emerson of this Subcommittee and others, one objective was to determine whether automated programs were helping state and local agencies to reduce program errors and improve program administration. We reviewed four statewide automated Food Stamp Programs in Vermont, North Dakota, Kentucky, and Texas, and three automated local food stamp offices in Texas and California. These systems ranged from sophisticated on-line systems in Vermont and North Dakota to less sophisticated batch-process systems at local offices in Texas and California.

Many of the expected benefits have been achieved by the seven automated systems we reviewed. The automated systems improved many aspects of processing food stamp cases, such as guiding the client interview and notifying applicants of case actions. The automated systems also enabled workers to (1) better identify certain program errors for correction, and (2) automatically avoid certain program errors. For example, the seven systems were designed to prevent an individual from participating in two households in the same state.

However, in the states with the information needed to perform our analyses, these improvements have not always reduced program error rates or improve program administration. One reason for this is the types of errors automated systems can and cannot prevent. For example, the automated systems readily ensure accurate arithmetic calculations--but these types of errors have never been a major problem, and their impact on error rates has been minimal. Other program errors, such as those pertaining to earned income, are often beyond the systems' capabilities so that eligibility workers still have to rely on applicants and participants to report this information. Thus, earned income errors continue to account for the largest part of the states' program error rates. Furthermore, our analysis suggests that automation has not always resulted in administrative improvements such as less time processing food stamp cases, fewer staff needed to administer the program, or more timely eligibility determinations.

Measures of program performances, such as error rates, may be affected by changes in any of a number of program related factors other than automation, such as staffing levels or caseloads. Kentucky experienced a decline in error rates following such changes but prior to automation of its program. By considering these other changes along with the impact of the automated systems, our analysis suggested, for example, that North Dakota's automated system played a significant role in reducing its program error rate, whereas in Vermont, the system did not. Because in doing part of our analysis we could consider only a limited number of changes affecting program activity for a short period of time, additional time may be needed to determine whether automated systems will eventually cause more of the expected improvements in the results of program operations. To date--after 9 years of special emphasis on automation--we did not find that the expected results have been fully achieved.

Another objective of our automation work was to determine whether enhanced federal funding is still needed to encourage program automation. When the House Agriculture Committee drafted the funding provision in the 1980 amendments to the Food Stamp Act, the Committee intended the boost in federal cost-sharing from 50 percent to 75 percent to be a one-time incentive to encourage state agencies not in the process of computerizing their programs to automate. Specifically, section 129 of the Food Stamp Act Amendments of 1980 provides that certain state agencies can obtain 75-percent federal funding to plan, design, develop, or install ADP and information retrieval systems for administering the Food Stamp Program. The Food and Nutrition Service, however, approved 75-percent funding to some state agencies--sometimes more than once--to upgrade, modify, or replace existing automated systems.

In our April 1988 report (GAO/RCED-88-58) we concluded that these approvals represented a broader interpretation of the act than the drafters of the 75-percent provision expected, as set forth in the act's legislative history. The drafters expected that once the initial ADP development with the 75-percent funding had been achieved, all future ADP development would be funded at 50 percent.

The Service disagreed with our position. It stated that Service policy and approval of some requests are consistent with what the drafters expected. Given the difference in views, we brought this issue to the Congress' attention for its consideration and for any additional direction. The Congress has not yet given additional guidance, and the Service continues to state that it can approve 75-percent funding to upgrade and modify existing automated systems.

In our current work, on which we plan to issue a report before the end of the year, we are concluding that the 75-percent funding has served its purpose in encouraging Food Stamp Program automation, as intended by the House Agriculture Committee. Since fiscal year 1981, all 53 state agencies administering the Food Stamp Program have begun automating their programs. According to their responses to our questionnaire, the increased rate of federal funding to specifically encourage initial ADP development played a major role in Food Stamp Program automation. The majority of 37 state agencies receiving this funding reported that it was the most important incentive, not only to automate, but to develop systems capable of performing statewide as well as of serving AFDC Program participants. However, only 4 of the 37 state agencies received 75-percent funding to initiate first-time program automation efforts. The other 33 state agencies were approved for 75-percent funding to upgrade, modify, or replace automated capabilities that were similar to those the Service approved for other state agencies at the 50-percent rate.

Since all of the state agencies have automated to some extent, thereby accomplishing the objective set forth by the originating committee, we plan to recommend that the Congress amend the 1980 Amendments to the Food Stamp Act of 1977 to discontinue the 75-percent level of federal funding for automation.

ALTERNATIVES TO THE CURRENT DEFINITION OF A FOOD STAMP HOUSEHOLD

At the request of the Chairman of this Subcommittee and others, we have identified alternatives to the current definition of a Food Stamp household. Our objective is to analyze how these alternatives, in comparison with the current definition, would probably affect factors such as (1) participation, (2) direct benefit payments, (3) homelessness, and (4) program simplicity. We expect to report on these alternatives by early spring 1990.

Identifying the composition of a household is important because it establishes whose income and assets are considered when determining the household's eligibility and benefit levels. A household's food stamp benefit is based on household size, income, and nutritional needs, according to the Service's Thrifty Food Plan. It is usually advantageous for persons to apply separately for food stamps, because the household income tests and asset limitations favor single-person households over groups. The Thrifty Food Plan assumes that households with more than one member take advantage of economies of scale by purchasing food and preparing meals in larger quantities than an individual would. Thus, households consisting of a single individual receive larger per-person benefits than do group households.

Currently, a household is defined as an individual living alone, a group of individuals who customarily purchase food and prepare meals together, or an individual living with others who customarily purchases food and prepares meals alone. However, according to the Food Stamp Act, spouses, parents and their children, and siblings who live together are assumed to be purchasing and preparing their food together, whether or not they do, and so are considered to be a food stamp household.

Because two separate households are more likely to be eligible or to receive greater benefits than one single household, the food stamp household definition contains certain exceptions to target benefits to particular groups. For example, elderly persons and their spouses may be counted as separate households from their children if they purchase and prepare meals separately and their children are 18 or older. These exceptions complicate the household definition because of the need to determine household composition for the various exceptions.

Some of the alternatives we developed simplify the household definition, but complicate the process of determining eligibility because they add further requirements for documentation or more complicated calculations. Other alternatives are simpler and do not complicate program administration, but either expand eligibility and increase benefit payments or make some current recipients ineligible. Generally, the alternatives that group more people together in a single household restrict eligibility and reduce benefit payments, while those that allow more separate households expand eligibility and increase benefit payments.

To illustrate, I will briefly describe 2 of the 11 alternatives we developed. Both alternatives would be simpler to administer than the current definition because they would make household composition easier to determine. On the other hand, they would allow more applicants to establish separate households and qualify for food stamps, thereby increasing program costs.

One alternative would modify the 1977 Food Stamp Act household definition by defining a household as spouses living together, parents living with minor children, a group of individuals who live together and purchase food and prepare meals together, an individual living alone, or an individual living with others who purchases and prepares meals separately. This alternative is simpler than the current definition because it eliminates the need for exceptions. Furthermore, because it allows adult children to form households separate from their parents and also allows siblings to apply separately, it would expand eligibility and increase benefit payments.

The other alternative would require spouses, parents and minor children, and adults living with minor children under their parental control to apply for food stamps together. Because this alternative does not use the purchase food and prepare meals criterion for forming food stamp households, it allows almost all other participants to establish separate households. It is also simpler than the current definition because it eliminates the need for most exceptions. Furthermore, this alternative would expand eligibility and increase benefit payments even more than the previous alternative, because it allows adult children to establish households separate from their parents as well as siblings to apply separately and does not require those who purchase food and prepare meals together to establish a household together.

The current definition of a food stamp household does not cause homelessness. Homelessness is caused by a variety of factors, the lack of adequate low income housing being a primary one. Food Stamp benefits are generally less than shelter costs and changes in food stamp benefits, in themselves, would not provide a great incentive to change one's living situation. However, the definition still contains provisions, introduced as cost-saving measures in the 1981 and 1982 Omnibus Budget Reconciliation Act, which could give (1) parents and adult children or (2) siblings a disincentive to live together. While experts on the Food Stamp Program and homelessness agree that these potential disincentives exist, they were not aware of any instance in which the definition of the food stamp household caused someone to become homeless. Nevertheless, they agreed that changing the household definition, to allow parents and adult children or siblings to form separate food stamp households, would remove these potential disincentives to sharing housing. This change could be accomplished by adopting either of the alternatives mentioned or several others to be described in our forthcoming report.

IMPROVING BENEFIT OPPORTUNITIES

Finally, I will briefly discuss some of our recent reports that relate to improving the benefit opportunities for people eligible for the Food Stamp Program. This includes work we recently completed on (1) participants who were temporarily terminated from the Food Stamp Program for procedural noncompliance, and (2) hindrances to participation in the program.

Procedural Noncompliance

Members of the Congress expressed concern that eligible program participants were being temporarily terminated from the Food Stamp Program because they did not comply with procedural requirements--a situation that could contribute to people going hungry. In response to this concern we reviewed a statistically valid sample of households in Georgia and Wisconsin to determine the number of and reasons for households being temporarily terminated (from 1 day to 3 months) from the program for procedural noncompliance. In our June 1989 report (GAO/RCED-89-81) we estimated that 49 percent of the households in Georgia and 68 percent of the households in Wisconsin experienced breaks in benefits in fiscal year 1987. About 87 percent of the breaks were proper changes that the program is designed to adjust for--the result of reported changes in the households' eligibility status. The remaining 13 percent, however, were due to procedural noncompliance by either households or state agencies, resulting in otherwise eligible households' losing benefits of between $800,000 and $5.3 million in the two states. Other states we contacted indicated that similar conditions may exist in their states.

To continue in the program, a participant must submit by specified dates complete monthly reports and/or new applications for recertification. For their part, state agencies must properly process the data submitted by participants in a timely manner. Participants in Georgia and Wisconsin, however, did not always complete and submit monthly reports or new applications on time or complete other requirements, causing an estimated 29,100 temporary terminations from the program and loss of benefits. In addition, other households lost benefits an estimated 10,700 times because Wisconsin adopted an incorrect procedure for processing monthly reports, had computer limitations, and made other procedural errors. Wisconsin has taken corrective actions.

Most (88 percent) participant-caused breaks occurred because participants did not file timely or complete applications for recertification. Other participant-caused breaks resulting in benefit losses were caused by such factors as participants not submitting timely monthly reports. Breaks caused by untimely submission of monthly reports should be reduced in the future because Georgia and Wisconsin, like 38 other states, now fully reinstate participants who file monthly reports after the due date. These participants receive their full month's allotment rather than a prorated portion based upon when they reapplied for benefits.

A similar provision is not currently available for participants who file late applications for recertification. When a new application is not received before the certification of eligibility expires, participants are terminated and, when reinstated receive a prorated benefit based on the date the new application is received. Changing this to allow participants an extra month to submit a new application would provide a full month's benefits to most participants who file late applications.

To ensure that these participants were eligible for a full month's benefits, however, actual benefit issuance would be delayed until participants submit a new application for recertification and meet all other program requirements.

This change could be made by amending the Food Stamp Act and would increase program costs. Although we did not determine the cost nationwide for such a change, we estimated that households in Wisconsin would have received between $18,400 and $158,000 more during fiscal year 1987 while households in Georgia would have received between $50,000 and $1.5 million more for the same period. As stated in our report if the Congress believes that the benefits to participants from such a change would outweigh the cost increases, it may want to consider excluding from the proration provisions of Section 8(c) of the Food Stamp Act, as amended, participants who file new applications for recertification within a month of the date their eligibility expires. Such an exclusion would be consistent with present provisions governing monthly reporting.

Hindrances to Participation

Our work on hindrances to participation focused on two areas--those who do not apply for food stamps and those who do. In reports issued in July and December 1988 (GAO/PEMD-88-21 and GAO/PEMD-89-5BR) and a soon-to-be issued report requested by Congressman Emerson, we focused on nonparticipation in the Food Stamp Program and reasons why households judged to be eligible for the program did not receive food stamps. We found nine studies that estimated participation rates for varying geographic locations, age groups, and time periods. A participation rate is the percent of eligible individuals or households that actually receive benefits. The participation rates in the studies we reviewed cluster around 50 percent.

Some studies reported on surveys that asked eligible households not participating in the Food Stamp Program why they did not receive benefits. These studies showed that a lack of information about the program and difficulties with administrative practices were the most commonly cited reasons for nonparticipation. However, these studies--the only ones to address these issues--only approximate eligibility and are based on dated information collected during 1979 to 1981. We therefore contracted to collect more current information by including questions as part of the 1986 Panel Study of Income Dynamics (PSID), a nationally representative sample of households. Our questions focused on the reasons for nonparticipation from households that we determined to be eligible for the Food Stamp Program but that did not participate.

As set forth in our soon-to-be issued report, our findings show an estimated food stamp participation rate, based on annual data, of 44 percent, generally the same as rates indicated in the earlier literature. Rates differed within specific groups of the population. For example, those who participated in other welfare programs had high rates of participation in The Food Stamp Program (e.g., 87 percent of household receiving other benefits also received food stamps). On the other hand, households with low participation in food stamps included those headed by an elderly individual (34 percent participation), those receiving Social Security benefits (31 percent), and those headed by single males (30 percent of nonwhites and 17 percent of whites).

The most frequently cited reasons for the 56 percent nonparticipation rate in the Food Stamp Program were a lack of desire for benefits (38 percent of the eligible households) and a lack of information about the program (37 percent). In addition, having problems with the program or with gaining access to it was cited by 25 percent of the households as a reason for nonparticipation.

The reasons eligible households did not participate in the Food Stamp Program also varied depending on the characteristics of the household. Households reporting a lack of desire for benefits were those in which the head of the household was, for example, a white married individual or a Social Security recipient. Households that reported a lack of information about the program were those headed by white single males or single females. Households reporting problems with the program or with access to it were, for example, those receiving Supplemental Security Income or other welfare benefits, or those headed by a single male.

From a policy viewpoint, the desire not to participate by eligible households may not be a problem. On the other hand, difficulty with the program, access to it, and lack of information about it are matters that can be and should be remedied. Since more than three-fifths of the eligible households have given these reasons for nonparticipation, it is important to address these problems. The Hunger Prevention Act of 1988 provides a means for doing so. The act specifies many actions intended to reduce problems with the program or with access to it, including outreach focused on low-income households.

Our analysis shows that at a national level, different groups of the population are more likely to lack information about the program. Although the exact mix of nonparticipants and reasons for nonparticipation will vary from locale to locale, at a national level the households most likely to be influenced by effective outreach are those headed by single individuals.

We plan to recommend that the Food and Nutrition Service encourage states to target outreach to groups that would most benefit from it and tailor the type of outreach to the needs and characteristics of these specific groups. Such an effort should maximize the returns on investments in outreach at the state and federal levels. The Service agrees with our proposed recommendation.

In our report issued in October 1988 (GAO/RCED-89-4), we assessed whether federal, state, or local procedures discouraged households from participating in the Food Stamp Program once they have contacted the local food stamp office for assistance. State agencies, through their local offices, (1) determine applicants' eligibility (2) authorize the appropriate amount of benefits, and (3) determine participants' continuing eligibility. To establish or maintain eligibility, applicants and participants must follow a set of administrative procedures that vary according to household circumstances, local practices, and program regulations.

To identify the types of administrative hindrances that may unduly restrict participation in the Food Stamp Program, we reviewed how food stamp offices process applications and changes in household circumstances at 33 local offices in California, Illinois, Maryland, Oklahoma, and Texas. We also reviewed case records from the five states to identify households that may have been discouraged or prevented from participating in the program.

The food stamp application process is complex for applicants and those involved in administering the program, in part, because of the need to ensure that only eligible persons participate. However, some procedures and practices identified in our review make the application process more complex than it needs to be. For example, among the local offices we visited we found the following:

-- Two offices conducted normal business only 4 days each week, which limited access to food stamp services compared with access to other local offices. In contrast, to provide better service to the working poor, one state offered food stamp services late one night each week, with only a slight increase in operating costs.

- All local offices in one state and one local office in each of two other states did not consider applicants for expedited benefits or provide expedited benefits on time. Expedited services, at the time of our review, were required to be provided to households with expected monthly income of less than $150 and liquid assets of less than $100. In response to its own concerns, the Service has required its regional offices and the states to focus their reviews on how well expedited benefits are being provided to eligible households.

- Three local offices in one state did not always help applicants obtain the documents they needed to complete their applications. We found cases in which food stamp officials did not clearly identify the types of documents applicants are required to provide or help applicants document their applications to the extent permitted by regulations.

Some states' administrative practices can limit participation by households already receiving food stamp benefits. We found that in some instances, local offices in two states inappropriately terminated households' food stamp benefits when they terminated these households' public assistance benefits, such as Aid to Families with Dependent Children or General Assistance, without independently determining whether the households were still eligible for food stamps. The states involved have since taken corrective action to prevent these improper terminations.

In addition, we found that in some instances, local offices in two states terminated households' food stamp benefits before verifying allegations that changes in their circumstances made them ineligible. In each case, state policy required such verification.

We recommended that the Food and Nutrition Service identify administrative hindrances to food stamp participation in its annual operations reviews of each state, focusing on hindrances identified in our report, and assist states in overcoming hindrances by sharing this information with all states.

The Service told us that the quality of service to food stamp applicants and recipients has been, and continues to be, a priority and that these areas will continue to be targeted as priority review areas under the existing management evaluation review system. Recently we learned that the Service is developing information on strategies that states can use to address hindrances to participation in the Food Stamp Program.

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Mr. Chairman, this concludes my prepared statement. We will be glad to answer any questions.

(Attachment follows:)

ISSUES GAO REPORTS DISCUSSED IN TESTIMONY

Food Stamp Program: Progress and Problems in Using 75-Percent Funding for Automation (GAO/RCED-88-58, Apr. 28, 1988)

Food Stamp Program: Participants Temporarily Terminated for Procedural Noncompliance (GAO/RCED-89-81, June 22, 1989)

Food Stamps: Examination of Program Data and Analysis of Nonparticipation (GAO/PEMD-88-21, July 5, 1988)

Food Stamps: Reasons for Nonparticipation (GAO/PEMD-89-5BR, Dec. 8, 1988)

Food Stamp Program: Administrative Hindrances to Participation (GAO/RCED-89-4, Oct. 21, 1988)

Testimony of

ROBERT J. FERSH

EXECUTIVE DIRECTOR

FOOD RESEARCH AND ACTION CENTER

Introduction

Good afternoon. My name is Robert Fersh, and I am the executive director of the Food Research and Action Center here in Washington. FRAC, as we are commonly called, is an organization that works to alleviate hunger and poverty in the United States. We work on many different levels, but our particular area of expertise is federal food assistance programs.

My primary role today is to present our views on the reauthorization of the Food Stamp and Temporary Emergency Food Assistance (TEFAP) Programs. We would like to applaud Chairman Hatcher and Ranking Member Emerson for starting early to hold a thorough round of hearings on the reauthorization process. We believe that next year's farm bill provides an important opportunity to improve these programs so that they are better able to respond to the needs of hungry Americans.

The Growth of Poverty and Hunger in America

Two weeks ago, the Commerce Department released the poverty statistics for 1988. They were deeply disturbing. Although 1988 was the sixth year of an economic recovery, almost 32 million Americans remain in poverty. This is a greater number than at any time during the 1970s, including the recession years of that decade. Moreover, 12.8 million people were living below half the poverty line. That means less than $6,046 a year for a family of four. The proportion of the poor living below half the poverty line therefore remained at the highest level in fifteen years.

Poverty among children remained at staggering levels. Almost one child in five was in poverty, for a total of 12.4 million children under age 18. Among children under age six, the poverty rate was 22.8%, representing five million poor children. For minority children, the picture was even bleaker: virtually half of all Black children under age 6, and 43.2 percent of Hispanic children under that age, lived in poverty.

The poverty line was constructed based upon an assumption about the least amount necessary for a family to obtain a minimally adequate diet. Anyone living beneath the poverty line therefore is, almost by definition, at risk of hunger. That assumption is increasingly being borne out by empirical evidence. Every month, our office receives state and local hunger studies documenting the appalling growth of hunger in communities across the country, both urban and rural.

To measure hunger more precisely, we have initiated a nationwide, two-and-a-half year study of childhood hunger. Our project, the Community Childhood Hunger Identification Project (CCHIP), is a tested, scientifically valid door-to-door survey developed by eminent academics to document the extent of childhood hunger. It is designed to be simple enough that community groups can conduct it, yet so scientific and objective that its findings cannot be dismissed as anecdotal. The current phase of CCHIP involves sites in Washington State, California, Florida, Alabama, Minnesota, Michigan, New York, and Connecticut.

We expect to announce final results this Spring, but the preliminary results from Connecticut and Washington State confirm the existence of a serious hunger problem in America. In these two states, where many Americans assume that there is no hunger problem, CCHIP uncovered a high prevalence of chronic food shortages due to insufficient resources. Among the three sites surveyed in Washington by the Governor's Task Force on Hunger, the prevalence of serious hunger in low-income families with at least one child under 12 ranged from 21 percent to 42 percent. In all three Washington sites, about 80 percent of the families surveyed reported having experienced at least one problem with food availability due to constrained resources. Hungry children in Washington were two to two-and-one-half times more likely to have suffered from specific health problems over the last six months, such as headaches, unwanted weight loss, fatigue, inability to concentrate, and irritability than were non-hungry children.

In New Haven, where the CCHIP survey was conducted by the Connecticut Association for Human Services, 18 percent of the families surveyed were hungry and 65 percent reported having experienced at least one indicator of a hunger problem. The results of the two studies also showed associations between hunger and child health problems.

While it is still too early to project these figures nationally, if they hold up it will mean that between two and five million American children are hungry and an additional 10 million are at risk of hunger. This should be completely unacceptable in the richest nation in the world.

The Causes of Hunger and Poverty

Although the causes of hunger and poverty are obviously many and varied, recent studies do provide significant partial answers. The poor have been suffering from the rapidly shrinking supply of affordable housing. Recent data from the U.S. Census Bureau and the U.S. Department of Housing and Urban Development show that 45% of all poor renters spend at least 70% of their incomes on shelter. These households obviously will have little left over to meet the food and other household expenses.

Several studies have shown that education is one of the most crucial indicators of individuals' ability to become and remain self-sufficient. The impact on lifetime earnings that a college education has dwarfs that of most other predictors of earning capacity. What we once may have thought of as a luxury turns out to be the key to long-term self-sufficiency for the individual, as well as competitiveness on the world economy for the nation.

Finally, the income support programs that lifted many low-income people out of poverty in the 1970s--or at least softened the blow--now reach fewer people and do less for them. AFDC benefit levels have suffered a severe decline in real value through the eighties, nationally and in almost every state. In only a handful of states do AFDC benefits, even when combined with food stamps, take households anywhere near the poverty line; in some states, AFDC benefits provide less than 20% of the poverty line. The percentage of unemployed persons receiving unemployment compensation has reached a record low during the 1980s.

Federal Food Programs and the Rise of Hunger in America

At the beginning of this month, FRAC hosted a meeting of anti-hunger leaders from more than 35 states. These leaders were drawn from all segments of our network, including state and local anti-hunger coalitions, human services advocacy organizations, emergency food providers, community action agencies, state administrators, agencies working with various child nutrition programs, and recipients' organizations. In two days of animated discussion, the leaders identified "food security" as the goal towards which they believe we all should be working. They defined "food security" as the assured availability of adequate supplies of food for all Americans through normal channels. Although they, and we, recognize the importance of charitable agencies in meeting emergency food needs, food distributed through charities is by definition not assured and therefore cannot supply true food security.

The TEFAP program has played an important role in ameliorating hunger in the short-term, and we strongly advocate its reauthorization. We believe that its administrative funding has been an important asset to the food distribution network in the states and should be continued. We also believe that the current verification requirements in the TEFAP program should be cut back to allow agencies to focus on serving hungry people rather than collecting paperwork from them. We urge an amendment to allow certification of agencies that predominantly serve poor people to obviate the need for individual recipients at those agencies to produce individual verification.

Our views on the continuation of the TEFAP commodity purchase programs depend very much on whether they ultimately would compete for funds with the permanent nutrition programs, particularly food stamps. Even the emergency food providers at our recent meeting did not advocate expanding the TEFAP commodity purchase program; many of the hunger leaders explicitly advocated turning the money now going into TEFAP purchases towards improvement of the Food Stamp Program.

Some people in the field advocate expansion of the TEFAP because of their frustrations with the Food Stamp Programs and its rules creating significant barriers to participation. While we understand that sentiment from people in local communities, we believe that this Committee can and should resist this approach. This Committee can and should act to change the eligibility rules that deny benefits to the needy and the procedural requirements that raise barriers in the way of many eligible households. Special commodity distribution programs are not a cost-effective means of providing food to hungry Americans. We see little point to spending the substantial sums of money that would be necessary to establish an elaborate duplicative administrative and distribution systems to serve the purposes that the Food Stamp Program can accomplish with the existing administrative structure and commercial food distribution channels. TEFAP is not a cheaper way of delivering comparable benefits than the Food Stamp Program.

The Food Stamp Program and the Housing Crisis

We recommend that this Committee eliminate the artificial cap on the food stamp excess shelter deduction. Under current law, households may deduct shelter expenses that exceed 50% of their adjusted gross incomes, but only up to $177 a month (except for elderly and disabled households). The excess shelter deduction was enacted to avoid forcing households with high housing and utility costs to choose between eating and paying their shelter costs. Without it, many would have to choose between heating and eating.

Congress capped excess shelter deductions to keep "high income" households off food stamps at a time when the program had no gross income limits. Gross income limits have since been added to the program to serve this purpose.

The cap on the shelter deduction in affect assumes that money households spend on shelter is nonetheless available for food. The cap has the harshest effect on households with the highest shelter costs. Because it is a fixed limit with no allowance for household size, it most severely burdens families with children.

This is in fact a rather modest change. Only shelter expenses that exceed 50% of income after all other deductions can be claimed. The provision does not add new recipients: "high" income people are already kept out by the gross income limit of 130% of the poverty level.

Promoting Family Integrity

We recommend that the Committee amend the Food Stamp Act to disregard the first $50 in child support that is paid each month, as is currently the case under the AFDC program. The AFDC policy recognizes the importance of having parents assume responsibility for their children, would give absent parents an incentive to pay child support, and would encourage custodial parents to make every effort to locate and obtain child support from absent parents. The food stamp program undercuts this incentive by counting these $50 payments as income, which reduces food stamps. States may exclude these $50 payments, but only if they pay USDA the cost of the food stamps provided as a result. As a practical matter, few states are likely to pick up this cost.

Counting payments against food stamps while excluding them from AFDC increases complexity and burden on case workers. This reform passed the House in 1987 with the welfare reform bill.

We also recommend repealing the current rules forcing close relatives to be in the same household. Under current law, most parents, their adult children, and siblings must apply together for food stamps even if they do not share resources or buy and cook together. If one person refuses to cooperate in the application or has too many resources, none of the relatives living with him or her can get food stamps.

The current rules have the effect of penalizing food stamp recipients for taking in relatives in need. The rules may also force poor people with nowhere else to go to choose between shelter, being offered by a relative, and food stamps, which they lose if they move in with a relative. These rules not only deny needy people of food stamps but also may break up families and force people into shelters by threatening to cut off needy people's food stamps if they take in family members.

This is a particularly serious issue in parts of the South where homelessness is more likely to take the form of immense overcrowding of family members into each other's homes rather than people conspicuously sleeping on park benches or in shelters. These rules also hurt migrant farm workers, who may live separately in their base states but double-up with relatives in labor camps during their travels in order to save money. A recent New York mayoral commission's study of homelessness found that "'eviction' by a friend or relative is the most common reason cited by families for becoming homeless." The commission blamed "current public assistance and food stamp policies and practices" for preventing families from doubling up and causing these evictions. The same commission reported that as many as 100,000 families in that city alone are doubled- or tripled-up.

This change will provide both food assistance and housing but the federal government will only have to pay for the food assistance (and may save money through reduced demands for Emergency Assistance and emergency housing).

The AFDC, Medicaid, and SSI Programs have no comparable requirement that adult siblings, or parents and their adult children, apply for and receive benefits together. Food stamp administrators have criticized the current rules as administratively burdensome.

In 1988, the Senate passed an amendment that would have allowed relatives to be separate food stamp households if they bought and cooked food separate and apart from each other, except that minor children could not be separate from their parents. This amendment was dropped in conference with the House. People who buy and cook together, whether or not they are relatives, would continue to be combined into single households.

Promoting Self-sufficiency

We would urge the Committee to allow students from low-income families to stay in college while they live in their parents' homes without being cut off food stamps. Current rules force low-income households to choose between eating and having their children stay in school. The change the House approved in 1987 (as part of H.R. 1720) would be strictly limited to truly poor students since they must live at home with their parents or other guardians in a low-income household that is fully eligible for food stamps.

The existing broad prohibition on students receiving food stamps is inconsistent with the principles of welfare reform because it encourages people to drop out of training that would increase their ability to support themselves. Current rules allow students to receive food stamps if they are employed at least 20 hours per week, but in many areas youth unemployment is far higher than the national average and students simply cannot find work. Under the current rules, even students who are actively looking for work are barred from receiving benefits. But if they drop out of school, they can receive food stamps immediately.

We would also recommend that the Committee increase the $4,500 limit on the fair market value of vehicles that households may have and still receive food stamps. The $4,500 limit was written into the Food Stamp Act in 1977 and has not changed since, despite significant inflation since that time. The President's Task Force on Food Assistance in January 1984 recommended that this limit be increased to $5,500 immediately. As inflation passes the $4,500 vehicle resource limit by, more and more working families are made ineligible for food stamps because of cars they depend upon to get to work. Working households may be forced to choose between going hungry for lack of food stamps and selling their cars, which will force them to leave their jobs.

In enacting the $4,500 limit, this Committee stated that "it is not this Committee's intention ... to make many persons ineligible who are otherwise needy [by] virtue of the income standards of eligibility." The Committee went on to state that its focus was limited to "Cadillacs and Rolls Royces and Bentleys or Mercedes Benzes or excessively expensive sports cars." Unfortunately, the time has long since passed when the $4,500 limit caught only cars of this type. This limit now disqualifies households because of ordinary, non-luxury cars that recipients depend upon to get to work or pick-up trucks needed on rough roads in rural areas.

The House, in 1985, and the Senate, last year, both have approved bills that would have partially ameliorated this problem. We urge that Congress take concerted action to restore the resource limit to its original purpose without further delay.

The Adequacy of Food Stamp Benefits

As the House Select Committee on Hunger reported in its December 1987 report Obtaining Food: Shopping Constraints on the Poor, "sharp rises in the costs of housing, utilities, and other basic necessities, together with declining public assistance benefits, leave the poor with less money available to spend on food.

As a result, many must go hungry at the end of the month as their food stamps run out." Even though, as the Select Committee's report noted, "research conducted by USDA provides evidence that low-income households spend their food budget dollars more efficiently than higher income households," many low-income households are unable to make it through the month even on the maximum food stamp allotment. Food stamps provide an average of less than $0.57 per person per meal. The maximum food stamp benefit for a family of four provides only $0.91 per person per meal.

Current rules base food stamp benefit levels on what the Thrifty Food Plan cost three to fifteen months before. Even with the Hunger Prevention Act's increase of benefits to 103% of the Thrifty Food Plan, actual benefits often lag well behind the current cost of even the Thrifty Food Plan. For example, by June 1989, USDA figures showed that the Thrifty Food Plan would cost over eight percent more to purchase than the maximum food stamp benefit level provided.

The inadequacy of the Program's benefits has forced many food stamp households to turn to soup kitchens and food pantries, which cannot sustain them month in and month out and which can only help them by diverting resources from other people in need. We recognize the temptation to respond to the resulting demand on the emergency food system by expanding the purchase of commodities for the TEFAP system, but doing so would only be responding to the symptom --and doing so poorly at that--rather than treating the underlying disease, which is the inadequacy of the basic benefit levels in the

Food Stamp Program. Although it may seem relatively easy to add to the money being spent on TEFAP commodity purchases, it would take several billion dollars of TEFAP purchases to make up for the shortfalls households experience each month in trying to stretch their food stamp benefits to the full month's food needs.

Systematic Alien Verification for Entitlements (SAVE)

We urge the Subcommittee to restore the long-standing practice of allowing any adult household representative to sign for all other members. The food stamp office could accept the signature of whichever adult submitted the application; it would not be required to hold up the application for a signature from the head of the household unless the person submitting the application was a minor.

Since October 1, 1988, every adult household member has been required to sign these declarations individually as part of the Systematic Alien Verification for Entitlements (SAVE) program created by the Immigration Reform and Control Act of 1986 (IRCA). Previously, the Food Stamp Program independently required such declarations as part of all applications but allowed one adult to sign on behalf of the rest of the household.

In rural areas, where transportation to food stamp offices is often more costly and difficult, it will impose a severe burden on low-income households either to require all adult household members to come into food stamp offices to co-sign the application or to force the household to wait for the head of the household to take the application home, collect the necessary signatures, and then arrange transportation back to the food stamp office.

A study FNS commissioned in response to IRCA found that existing methods have all but eliminated participation by ineligible aliens. In fact, it found that applying SAVE to the Food Stamp Program would cost two to three times more than it would save in reduced payments to ineligibles.

Electronic Benefits Transfer (EBT) Systems

FNS has been moving rapidly to introduce electronic methods of delivering benefits. Although we can see some significant long-term potential for electronic benefits transfer (EBT) systems to simplify the operation of the Food Stamp Program, we believe that stringent safeguards are needed to protect recipients from being stigmatized or denied the full use of their benefits.

These systems often require that special equipment be attached to a cash register for a food stamp household to use their benefits. Current law requires FNS to absorb the cost of any new equipment required in its experiments, but it does not ensure that the equipment be made widely available. We are concerned that, to save money, FNS may refuse to provide more than one or two of the required devices to each store, resulting in segregated check-out lines through which all food stamp recipients must pass. This would fly in the face of current regulations that prevent stores from discriminating against or singling out food stamp recipients. Forcing food stamp recipients to stand in special "food stamp lines" would increase the stigma of receiving benefits, which already keeps many eligible households from applying.

A further problem is that when these systems are set up without taking into account the needs of retailers, many stores on which households depend may refuse to participate. The Washington Post recently reported that Safeway, one of the nation's largest supermarket chains, has refused to participate in any of the demonstrations because of the cost and inconvenience of operating the systems FNS is currently promoting. This could force food stamp households to buy food at small convenience stores, where the higher prices will exhaust their benefits earlier in the month.

We are also concerned that adequate back-up arrangements be made to protect recipients' benefits from the effects of computer failures and to ensure that such failures will not prevent recipients from using their benefits whenever stores are open. Particularly in rural areas, where households may have to spend what is, for them, a considerable amount of money getting to the store, they will simply be unable to afford to be turned away because the system's computers are down.

Despite the appeal of EBT systems, it may make sense for the Food Stamp Program to wait until they have made deeper inroads in the general commercial market before using them to distribute food stamps. This would avoid having to pay for machinery for food stamp purposes only, would avoid the stigma that will result if food stamp recipients are the only ones with these cards, and would allow for the "bugs" to be worked out of the systems with less vulnerable consumers who have more options than food stamp recipients. In the meantime, if FNS or the states are to go ahead with EBT systems for food stamps, they should be made voluntary for recipients, as they will ultimately be for other consumers.

The Administration's Proposal

We were most disappointed by the proposed food stamp legislation USDA transmitted to Congress on August 15, 1989. Among the provisions that seem least consistent with the objectives of the Program and the goal of a kinder and gentler America were:

- An extension of the time states have in which to process expedited food stamp applications to give states a minimum of three working days. USDA promulgated the current standard, providing five calendar days whether or not weekends or holidays intervene, in response to a letter from Representatives Panetta and Coleman (then the chairman and ranking minority member of this subcommittee) who pointed out the strong congressional support for prompt delivery of expedited food stamps. USDA's proposal is also completely one-sided: it does not advocate a general three working day standard in all cases: it is the longer of five calendar days and three working days.
- A requirement the whole household to be disqualified from food stamps if the principal wage earner voluntarily quits a job even if the principal wage earner is not the head of the household. For example, if an elderly woman on SSI allows her 25-year-old employed son to move in with her, she would be disqualified if he quit his job even though she has no control over him and is in any normal sense of the term the head of

the household. The courts have split on this issue; USDA's bill would resolve matters against food stamp households and in a way that would penalize elderly and disabled recipients for taking in and of their children with jobs.

- A two-and-one-half-year postponement in the implementation of performance-based E&T program standards, from April 1991 to October 1993. During this time, states would be required to run 50% of all non-exempt participants through E&T programs. Because of the limited funds available, these would inevitably be superficial programs unlikely to help recipients who would not otherwise do so to become employed. The current participation rates' single-minded focus on the number of households are included in some sort of program, encourages states to focus their energies on a paper shuffle to meet the numerical requirements rather than a careful weighing of the efficacy of those programs in helping recipients to achieve self-sufficiency.
- A requirement that states pay interest from the date of billing on all claims alleged against them by USDA, even if they are in the process of challenging those claims through administrative or judicial channels. This would further deplete state resources needed to administer this and other human services programs. If this proposal is to be seriously examined, Congress also should move to redress the continuing disproportionalities in the quality control (QC) system, which continues to place an excessive emphasis on overissuances at

the expense of concern for improper denials.

- A shortening of the time households have in which to respond to requests to repay alleged food stamp overissuances. States often allege overissuances for periods years into the past. While households can generally be expected to know their current circumstances, it may take them some time to reconstruct their circumstances from periods in the remote past. The difficulty and complexity of responding to allegations about overissuances is likely to cause a higher proportion of households to need to arrange meetings with food stamp office staff or to contact legal services offices. The ten-day time frame proposed by USDA would be grossly inadequate for this purpose, especially in rural areas where both food stamp offices and legal services programs may "ride circuit" and visit some communities only once or twice a month.

We hope that the new leadership at USDA will withdraw these proposals and will instead focus on ways of moving forward to reduce hunger in America.

Changing the Emphasis in Food Stamp Program Administration

In recent years, the strict emphasis on program accountability from the federal level, with little or no countervailing concern for responsiveness to the needy, has led to a substantially lower level of service and accessibility in the program. This Subcommittee has requested and received several important reports from the General Accounting Office on access barriers in the Program.

A December 1988 report commissioned by Representative Emerson found that "more than half the eligible participants who did not think they were eligible may have misconceived food stamp eligibility requirements." This finding makes a strong case for the need to conduct outreach to correct these misunderstandings and to let eligible people know that the Food Stamp Program is indeed an available option for them. FNS and its regional offices can play an important role in encouraging states to conduct these outreach activities and sharing information and materials generated in successful state outreach efforts.

We also have continued to hear from members of our network around the country that, despite the Act's clear mandate, the Social Security Administration is failing to help SSI applicants and recipients to apply through its offices. We hope that FNS will recognize the value of this provision and press SSA to carry out its responsibilities more diligently.

An October 1988 GAO report showed that many states engage in practices that discourage participation. These practices include limiting office hours, requiring households to complete screening forms before the office will serve them, failing to provide expedited services, denying applications prematurely, not helping applicants obtain required documentation, improperly terminating households when they are terminated from other public assistance programs, using inappropriate transfer procedures, and terminating benefits without verifying changed circumstances. Numerous reports from our network, including the results of several systematic surveys, confirm the existence of these and other practices that severely discourage participation. We believe FNS should make the elimination of these practices a high regulatory priority. We hope that the Subcommittee will continue to exercise vigilant oversight in this area, directly and with the help of FNS and GAO.

As Assistant Secretary Bertini and her team move to give direction to FNS, we hope that they will give a high priority to initiatives to improve access to the Program.

Concern about the Recent Revisions to the RDA's

I would like to mention one other issue of concern to us. Last week the National Academy of Sciences released the revised version of the Recommended Dietary Allowances, or RDA's, which contains a number of reductions in recommended allowances for nutrients. Because the RDA's are used as a basis for the development of the food stamp allotment, we urge the committee to monitor the Department of Agriculture's use of the new RDA's. Increasing numbers of people in the United States are already experiencing food shortage on a chronic basis because of lack of money to buy food. If this is ignored, and the RDA's are used as the sole determinant of changes in food stamp benefit reductions in the food purchasing power of many already vulnerable low-income households could occur.

Conclusion

Thank you for the opportunity to testify. We at FRAC stand ready to assist the Subcommittee in any way we can. We hope that the Subcommittee will take advantage of reauthorization to make the Food Stamp Program more effective in combatting hunger in America.

FORMULATION OF THE 1990 FARM BILL

(Food Stamp Program)

WEDNESDAY, NOVEMBER 1, 1989

House of Representatives,
Subcommittee on Domestic Marketing,
Consumer Relations, and Nutrition,
Committee on Agriculture,
Washington, DC.

The subcommittee met, pursuant to call, at 9:40 a.m., in room 1302, Longworth House Office Building, Hon. Charles Hatcher (chairman of the subcommittee) presiding.

Present: Representatives Staggers, Espy, Emerson, and Lewis.

Staff present: Grace McGovern, clerk; Julia M. Paradis, Dean Mitchell, Marshall Livingston, Xavier Equihua, Lynn Gallagher, and Allison Biggs.

Mr. **Hatcher**. The hearing will come to order.

This is the continuation of the hearing we began yesterday on reauthorization of the Food Stamp Program, and we have four panels of witnesses today.

Our first panel is Mr. Robert Greenstein, director of the Center on Budget and Policy Priorities here in Washington; and Ms. Veronica Celani, who is commissioner of the Vermont Department of Social Welfare, and she is testifying on behalf of the American Public Welfare Association.

Is Ms. Celani here? If you will come on up and be seated at the other microphone.

I just created this panel. She didn't have you as a panel, she reminded me. The other groups of witnesses are a panel. So we will hear from you first, Mr. Greenstein.

STATEMENT OF ROBERT GREENSTEIN, DIRECTOR, CENTER ON BUDGET AND POLICY PRIORITIES

Mr. **Greenstein**. Thank you, Mr. Chairman.

In my testimony today, Mr. Chairman, I would like to focus on the Food Stamp Program and my prepared testimony does not cover the commodity programs, per se, but I would be happy to discuss those and answer questions on those after the testimony.

Two weeks ago, the Census Bureau released the new data on poverty in the United States in 1988. The data showed that in 1988, the sixth year of an economic recovery, the poverty rate was higher than any year of the 1970's, including the worst recession years of that decade.

Although the economy and the unemployment rate was about at the same level in 1988 as it was in 1979, nearly 6 million more Americans were poor last year.

The census data also show that those who were poor have grown poorer in recent years, and in particular, that the numbers of both white children and black children who fall into what we might call the poorest of the poor, those with incomes below half of the poverty line, have jumped more than 50 percent since the late 1970's.

Also, lest we be misled by the frequent media focus on the inner city, the census data show poverty has grown as fast or faster in rural as in urban areas and that it is now higher in rural areas with 1 out of every 6 Americans in nonmetropolitan areas living below the poverty line, compared to 1 out of every 8 in metropolitan areas. In fact, the poverty rate is nearly as high in rural areas as in the central cities of this Nation.

Not surprisingly, this high level of poverty has been accompanied by a high level of hunger, with surveys of soup kitchens and food pantries continuing to show high levels or increasing levels of need. Now, at first blush, that may seem a little surprising since we have had economic recovery and some reduction in poverty rates since the recessions of the early 1980's and that might suggest that the surveys ought to find hunger going down some. But here I think another key factor has come into play that I would like to talk about a little bit and that is the impact of soaring housing costs on poor households.

Earlier this year, the Census Bureau released another report, the "American Housing Survey," which found that 45 percent—in other words, nearly half of all poor renters in the United States were paying at least 70 percent of income for housing costs—for rent and utilities.

During the Reagan administration, HUD set a standard that housing was affordable for low-income households if it consumed no more than 30 percent of income. Under that standard, 85 percent of the poor renters in the country now have housing costs that are beyond the affordable range. The data show clearly that this is a problem that has gotten much worse over the last 10 or 15 years and that the housing cost burdens of the poor have climbed substantially.

The data also show this is a problem in urban and rural areas alike with 79 percent, 4 out of every 5 poor renter households in rural America paying more than 30 percent of their income for housing or more than the maximum amount considered affordable under the Federal standards and with more than one-half of all the poor renters in rural areas and over one-third of the poor homeowners in rural areas paying at least half of their incomes for housing.

I would note here that unlike the Food Stamp Program, subsidized housing is not an entitlement; it is a discretionary program that reaches 29 percent—either Federal, State, or local housing combined—reached just 29 percent of the poor renters in the country.

I bring up this data in part because I believe what we are seeing is that an increasing number of poor households find it very difficult to pay their rent and utility bills and still have enough resources left over, including their food stamps, to buy sufficient food to last through the month. Since rent and utility bills are fixed, you can't pay half of them, you have to pay all of them, purchases for food constitutes one of the first items that can get squeezed.

If the rent and utility bills are missed, of course, that can lead to shut-offs or evictions, possibly homelessness, and I think what this suggests is that large numbers of poor households are averting homelessness only by paying extraordinarily high proportions of limited incomes for housing, making it difficult for them to buy enough food to get an adequate diet at the same time.

Now, with that context, I would like to talk a little bit about next year's farm bill. This subcommittee warrants high praise for its leadership last year in enacting the Hunger Prevention Act of 1988. I note, however, that the principle purpose of the Hunger Prevention Act was to offset significant reductions in food being provided through the TEFAP program, not really to provide net addition in the food assistance being provided.

The key provision of the act was an upward adjustment in food stamp benefits of $2 to $3 per person per month to help cushion the decline in the TEFAP foods.

I also noted that even after the Hunger Prevention Act, food stamp assistance, after adjusting for inflation, is lower than at the beginning of the decade, and while there are 2.4 million more people living in poverty than in 1980, there are 1.1 million fewer getting food stamps.

I think this calls for careful consideration and further action to deal with these problems and with two particular emphases; one being a focus on impoverished children—1 out of every 5 American children now being poor—and second, efforts to increase chances that children and their families will be able to achieve self-sufficiency and earn enough to lift themselves out of poverty so that we have longer-range solutions as well.

In this vein, I have a number of recommendations in the testimony. In the interest of time, I will just cover a few of them and submit for the record.

The first, following on the housing cost information I just mentioned, would be to help poor families and children avoid having to choose between paying the rent and getting enough to eat by modifying the manner in which the Food Stamp Program treats high housing costs when food stamp benefit levels are determined.

The food stamp benefit structure is supposed to ensure that poor households have enough resources, including their food stamps, to purchase an adequate diet after the cost of other necessities, such as paying the rent. The goal is supposed to be achieved by providing a deduction from household income for very high shelter costs which are defined as shelter costs exceeding 50 percent of a household's net income.

Now, for elderly and disabled households, that is how it works. They are allowed to deduct the full amount by which their housing costs or shelter costs exceed 50 percent of their net income. But for others, which means principally for poor families with children, they are not allowed to do that in full. They are allowed to deduct a maximum of $177 a month and if their excess shelter costs are more than that amount, the additional amount may not be deducted.

What that means is that some of the very families that face the most severe housing burdens, families not getting any HUD assistance, and thereby paying 60-70 percent of their incomes for housing—those are the very families not permitted to deduct the full amount of their excess shelter costs when their food stamp benefits are being determined.

What it means, in essence, is that families with very high shelter costs are assumed to have money available for food that is money which actually must go to pay the rent. In short, the current food stamp benefit structure effectively compels them to choose between rent and utility bills and feeding their family adequately throughout the month.

I believe it is inequitable that families with children should be denied the ability to deduct their full excess shelter costs when such a right is provided to poor elderly and disabled households.

The census data show clearly that the housing cost burdens of poor families with children are higher than those of the elderly poor because many of the elderly poor own their homes and have long since paid off their mortgages.

As a result, I think it is essential that we attempt to assure that those families bearing housing costs that consume most of their incomes not have to choose between paying the rent bill and missing meals, between hunger and, in some cases, the risk of homelessness.

This problem can be remedied by treating poor families, especially with children, in the same manner as the elderly and disabled by having the full excess shelter costs deducted for both without an artificial limit for the nonelderly and disabled on the amount that can be deductible.

The second area I would like to mention involves eliminating disincentives for poor youth to get education. This is, I think, another anomaly in the food stamp benefit structure. Those who attend college have a far greater chance of escaping poverty and becoming self-sufficient than those who do not, but under the current benefit structure, a high school graduate who doesn't attend college or a dropout may be eligible for food stamps, but a poor student who goes on to college is disqualified simply as a result of college attendance unless the student has a young child or works at least halftime or is handicapped.

Now, the purpose of that student provision is worthy of support. It was designed to ensure that students from middle-income families not declare themselves independent, claim poverty, and get food stamps. I would certainly support that. But the provision is so sweeping that it also disqualifies students who are legitimately poor and live with their parents as part of a family that is poor. It can be particularly troublesome in an area where there aren't enough half-time jobs for students available so that even those who seek jobs can't find them, for example, in some high-employment areas. In rural areas that have community colleges, job opportunities may be limited.

The census data is illuminating here. It tells us that there has been a big change in the country in the last 10 or 15 years. A high school diploma is no longer sufficient for many people to enable them to find the job paying enough to lift them out of poverty. The census data tell us that the poverty rate among family heads with a high school diploma but no college education has risen sharply over the last decade. It is now more than double the poverty rate for family heads with one or more years of college.

By the way, this is true in urban and rural areas both. In just the 9 years from 1978 to 1987—the 1988 data hasn't been published yet on this—the poverty rate in rural areas for household heads with a high school diploma, but no college education, jumped by two-thirds. Since 1978, the poverty rate among high school graduates has risen faster than the poverty rate for dropouts in rural areas and nationally among blacks.

What we see here are changes in the economy where it is becoming more technological that there no longer are as many good-paying entry-level jobs in manufacturing that you can get without a high school diploma or with only a high school diploma, and that many of the better paying jobs now require higher levels of education and skills.

We should, therefore, if we want to promote self-sufficiency, be promoting higher education, not discouraging it and placing disincentives in its path. So I think we should not be penalizing poor youth who attend college by taking away their food stamps and lowering the benefits provided to their families.

Now, this committee and the House 2 years ago, in 1987, passed legislation to remedy the problem. I think it was a Panetta amendment and it provided that if a student who is poor lives with parents or guardians as part of a poor family, the student wouldn't be disqualified for food stamps purely because he or she is in college. I would urge the subcommittee to reconsider that provision that passed 2 years ago again next year so that we not be in the position of discouraging poor students from continuing their education or reducing the benefits to their families and their brothers and sisters and parents if the student stays in college, rather than dropping out.

One last point in this area. I think we now have a contradiction. The Food Stamp Employment and Training Program, which members of this subcommittee have worked hard on, makes pursuit of education, including post-secondary education, an allowable employment and training activity. So does the Welfare Reform Act that the Congress passed last year. So an individual who enrolls in post-secondary education to become more employable through the Food Stamp Employment and Training Program, or the Welfare-to-Work Program may continue to receive food stamps, but a student who is already in post-secondary education or enrolls on his own or her own is rendered ineligible for food stamps assistance. This is a contradiction and somewhat of an inequity.

An area I cover in my testimony, and I won't go into detail here, in the interests of time, I will just mention it, is the area of child support. One of the other key things we need to do in this country to promote self-sufficiency is to end the scandal we now have where so many absent fathers fail to provide child support and their families and the children are poor as a result.

In 1985, only about 60 percent of the mothers of children whose fathers were absent even had child support awards. More than half of those—in more half of those cases, no awards were paid by the fathers or less than half of the amount paid was owed.

Among poor children, it gets worse. For AFDC mothers, only 1 in 7 get child support payments to help care for their children. Clearly, in the long run, we can promote self-sufficiency and reduce welfare dependence if we can collect more child support and that was a major theme of last year's Welfare Reform Act.

To help give a mother the incentive to locate and track down the absent father so that he can be gone after, since 1984, the Congress has provided that the mother get to keep the first $50 in child support when her welfare benefits are computed. But because that same provision is not reflected in the Food Stamp Program, her food stamp benefits are cut when she gets to keep that $50. The result is that she gets a net gain of about $30 for helping to track down the absent father and that we have an element of complexity.

You have to remember, if you are a caseworker, to subtract the $50 when you are doing AFDC and then to add it back when you are doing food stamps. States have long recommended and child support experts have long recommended having the same provision in food stamps as in AFDC, and again, this committee passed that in 1987 as part of its welfare reform bill. It was one of the very last items dropped in the welfare reform conference for budgetary reasons. I think there is strong merit in improving the child support system and increasing conformity of food stamps and AFDC by incorporating that treatment into the Food Stamp Program.

The last item I will mention in my testimony regard the asset limits for automobiles. The current asset limit was written into the program in 1977 and hasn't been changed since, while the CPI for used cars has risen 120 percent. As you know, in 1984, President Reagan's Task Force on Food Assistance, noting that the limit hadn't been modified, the limit for cars, since 1977, recommended a modest upward adjustment and said failure to do so was resulting in denial of benefits to some legitimately needy households, such as unemployed households who had purchased a car while they were working.

In 1985, this committee responded and did approve an adjustment in the limit. It was dropped in conference with the Senate. In 1988, the Senate passed an adjustment that was dropped in conference with the House.

Since this committee acted in 1985, 4 years, by next year, 5 years more will have gone by, which means, because of the role of inflation, that the limit is now more stringent, significantly more stringent, than it was when you passed an adjustment back in 1985. So I certainly think that that needs to be considered and modified next year.

One final note there. Here, too—this is another area where I believe the current food stamp rules conflict with the goals of fostering self-sufficiency. If you consider a family in which the breadwinner has been laid off and the family is thrust into poverty, on the one hand, the family may be unable to afford an adequate diet without food stamps. On the other hand, it may fail to qualify for food stamps because the market value of its car puts it modestly over the asset limit.

Now, if we force the family to sell this car, it can get food stamps, but if it doesn't have the car, it may be then more difficult to search for and find a job. I think that's a particular problem in many rural areas where having a car is very important to finding and retaining employment.

So I think there is a general theme here, that in the food stamp rules regarding students who pursue an education, the food stamp rules regarding mothers who help track down and collect child support from absent fathers and the food stamp vehicle limit rules, all work counter to the goals of promoting self-sufficiency and individual responsibility.

I would hope that those could be modified next year, along with what I think is the single most important issue, the issue of the high housing costs and several others that I mention in the testimony.

Thank you for the opportunity to appear before you today.

[The prepared statement of Mr. Greenstein appears at the conclusion of the hearing.]

Mr. **Hatcher**. Thank you, Mr. Greenstein. Your testimony is very helpful. You have highlighted some issues that have interested me, in particular, the college student situation and the child support, and I would hope that those are two that we will be able to address in the farm bill, reauthorization of the Food Stamp Program.

I am also very much interested in using the market value of an automobile or motor vehicle in computing eligibility for food stamps. Was that requirement in there prior to the 1977 act? Do you recall?

Mr. **Greenstein**. Prior to the 1977 act, the law and the regulations—I guess it was the regulations that stated that one vehicle was exempt and then there were equity limits, I think, that applied to additional vehicles, but the household basically got one vehicle that was exempt.

In 1977, what happened, and I remember it well because it was actually worked out—I was at that point assistant to Secretary Bergland and representing him on food stamp issues—it was worked out at this table over here after a mark-up session. Congressman Bedell, from Iowa, was concerned, as were other members, about the charges of welfare Cadillacs and the committee was of a mind to put a limit of some sort on the vehicles.

So a number of us, the committee staff, myself on behalf of the Department, Mr. Bedell, sat down to try to work something out by the next morning and it was Mr. Bedell's feeling, shared by a number of other members as well, that this was as much an issue of program image as of real substance.

His concern was that while using the equity limit, rather than the market-value limit, was substantively much superior, which we all agreed with, it was his feeling that if you had an equity limit, that while there might be five cases in the country like this, it would, at least in theory, allow a household to have a luxury car that it had bought on time and have an equity in the car that was less than whatever equity limit you set.

So it was his feeling that a market value was needed and what he said that we needed to do was to set a market value limit that kept out luxury cars, but did not keep out ordinary cars. In 1977, a $4,500 market-value limit on a car meant something very different than it did today. It was designed by the committee, this committee at that point, to keep out luxury cars, whether they were bought on time or whether the household had a lot of equity in them.

What has happened by virtue of having 12 years without an adjustment in the limit is that we now have a market-value limit that keeps out many ordinary cars, as well as luxury cars. That was never the intention of this committee, so I think you have two options. One option would be to go back to—to go to an equity value limit instead of a market value limit.

The other option would be to retain the market value limit, but to set it higher than $4,500 to try to reflect the original intent of the House Agriculture Committee, that being to keep out luxury cars and higher-priced cars, but not an ordinary car that somebody might have bought 1½ or 2 years ago, before they were laid off.

In other words, there is more than one way to resolve the problem. It can be done by either of those two approaches, but I do think something needs to be done.

Mr. HATCHER. It certainly is a problem. This subcommittee has had testimony from one potential food stamp recipient where it was a direct barrier to receiving the food stamps, even though she had no equity in the $8,000 automobile. So, that is an issue I hope we will be able to resolve if in no other way than adjusting the $4,500 for inflation or something of that sort. Perhaps, however, we can go beyond that.

There is quite a bit of discussion about whether there should be or can be an increase in spending for the Food Stamp Program and, if so, it probably can't be much. But given your background with the program, would you suggest any ways that we could modify the program to provide cost savings in some areas to offset the cost of the proposals that we have been talking about and perhaps others?

Mr. GREENSTEIN. That is a very good question and a very tough one and I am afraid I don't have any terrific ideas there. I did have a number of ideas earlier in the 1980's and in 1981, in fact, worked closely with Senator Dole, Senator Leahy in helping design their proposal and in 1982, in fact, I remember in a meeting with Senator Dole, I was distressed at the time because the administration had asked for $2 billion a year in additional cuts on top of what was enacted in 1981. Chairman Helms wanted about $4 billion in additional cuts and I was talking to Senator Dole—hopefully that he would be helpful—and he felt that politically we had to do something further, given those other proposals and asked me to come up with recommendations for $700 million in additional cuts.

I remember when I got to $400, $500, and $600, it was really hard to come up with the additional items to get the $700, but we did that. I haven't had a whole lot of ideas since that period for further things.

I think what we basically did in 1981 and 1982 is that we took all of the reasonable ideas for further cuts and enacted them and we took some that went beyond what was reasonable for further cuts, and to reach the budget targets, enacted them, too. I don't think there is really much there sitting around for further changes that could help to offset the things that need to be done. Rather, this would have to be something, I think, the Budget Committee and the budget process in their wisdom do some reordering of priorities and find some ability to provide some additional resources for these programs next year.

I know that will be tough because we need to reduce the deficit a lot next year. I think it may not be impossible—the one thing I note is that for each of the last several budget resolutions, there has been some modest increase in the means test in the low-income area, coupled with larger spending cuts in other areas, and principally, that has been in the area of Medicaid.

Most people I talk to predict, on and off the Budget Committees, members on the committees and others, predict that this year will probably be the last year in a while that there are increases in Medicaid spending assumed in the budget resolution and that may—I hope it will create a little room to maybe look at the food assistance programs as the one area of mandatory spending low-income programs for which hopefully the budget might provide some additional resources next year.

Short of that, I think it is going to be very difficult to do a number of the things that I talked about.

Mr. HATCHER. Thank you, sir.

We have a Journal vote on the floor. Would it be possible for you to hang around for us to go vote?

Mr. GREENSTEIN. Certainly.

Mr. HATCHER. We will stand in recess for approximately 10 minutes.

[Recess taken.]

Mr. HATCHER. Mr. Emerson, do you have questions of Mr. Greenstein?

Mr. EMERSON. Mr. Chairman, because of the joint hearing that the full committee is having with the Foreign Affairs Committee this morning on the subject of Public Law 480, Mr. Lewis is not going to be able to return. He has a statement which he would like to submit for the record and I ask unanimous consent that his statement be submitted for the record.

Mr. HATCHER. Without objection.

Mr. EMERSON. Thank you.

[The prepared statement of Mr. Lewis follows:]

STATEMENT OF HON. TOM LEWIS

Thank you, Mr. Cahirman. I want to commend you for calling this hearing to review the Food Stamp Program. This program is vital to needy families across America and its review will help to make the needed adjustments to reduce the current administrative burden placed on food stamp participants, as well as administrators.

As my colleague, Mr. Emerson continues to propose, we must move towards "One Stop Shopping" for food stamps and other food assistance programs. This will serve to decrease the massive administrative backlog and papertrail that is perpetuated by the program.

Mr. Chairman, today we will hear testimony from Ms. Viann (Vee-ann) Hardy, Deputy Secretary for Management Systems, Florida Department of Health and Rehabilitative Services. Secretary Hardy is responsible for the modernization of Florida's Health and Rehabilitative Services computer system. Florida is attempting to eliminate much of the administrative burden placed on recipients and administrators of the program. It is their hope that these changes will make the program more efficient and more effective. I believe Ms. Hardy's testimony will be beneficial to the review and reauthorization of the Federal Food Stamp Program.

Thank you, Mr. Chairman.

Mr. EMERSON. Mr. Greenstein, would you comment on the proposal by the State of Minnesota to combine and reconcile differences between the Food Stamp Program and the AFDC Program. I would like to know what you think about the Minnesota plan and whether or not you believe it could be a blueprint for other States to reform these two major assistance programs and what the ultimate benefit of that may be, if indeed, you concur that it is a positive move?

Mr. GREENSTEIN. I examined the Minnesota plan and, as you know, it has a number of elements, many of them being in reforming the AFDC part—I would say most of them being in reforming the AFDC part of the program, changes in employment and training and child support, a number of things to promote self-sufficiency, knocking down some of the categorical barriers in the AFDC Program that distinguished two-parent families from single-parent families and also consolidating for families with children, AFDC, and food stamps, and cashing out food stamps.

I think it is a very interesting plan. I would hope that the committee and the Congress would give Minnesota the authorization to test it. I know there are a few details of the plan still under discussion and consideration. I presume those can be worked out without that much difficulty and I think we may learn some interesting things from it.

In terms of its being a blueprint, I have concerns about that in one area, and the area that I have the concerns about is, in fact, the consolidation and cash-out of the food stamps for the families with children. The reason I have the concern with that is that I think it is striking that if you look at what has happened to AFDC benefits for poor children and their families since 1970, in the typical State, they have gone down about 35 percent after adjusting for inflation.

That is clearly one of the factors—not the only, to be sure, but one of the factors that had led to the increase in child poverty over that period. During the same period, the poverty among the elderly has come down substantially.

We have an SSI Program that is indexed for inflation and has a Federal benefit level. The Food Stamp Program also is indexed for inflation and nothing like what happened in AFDC has happened in food stamps. I think one of the reasons for that is that the Food Stamp Program covers all of the poor, that it covers the elderly and the disabled, as well as the families with children.

My fear is that if we—and the Food Stamp Program is the only floor in this country we have under poor children. It is the only one we have. And my fear is that if we break the Food Stamp Program apart and separate out the families with children by combining it with AFDC from the elderly, my worry is that over time, what happens to the food stamp part of the program for the children is what has happened to the AFDC benefits for them, so that is my fear.

I guess it is not a matter of for or against cash-out; it is a concern that I have ended up concluding, after watching the course of these programs over the years, that one of the great virtues of the Food Stamp Program is that it is the one low-income program we have that all of the poor are eligible for and that that helps the weakest—the groups politically that are weakest among the poor, by having them together with the groups that are more attractive politically, and I would hate to lose that.

So I think we can learn some very important things from Minnesota, but I hope that the heart of it that separates out and makes somewhat separate the families with children from the elderly and the other groups in food stamps, that that part would not turn out to be a blueprint.

Mr. EMERSON. Don't construe the cash aspect of the Minnesota pilot project to be a rule. We gave them the cash option at their request. We don't have to do that.

Mr. GREENSTEIN. It does set up, though, really a quite different benefit structure. Where there is one combined benefit structure, there really isn't anything separate called food stamps in a sense than there is for everybody else.

I think that there may be middle grounds which also need to be tested, things such as—we did some initial tests in Oklahoma and Illinois and I think there could be more, looking at things like standardizing food stamp benefit levels for various categories of AFDC recipients.

I think there are ways to bring the programs closer together and simplify the eligibility and benefit determination for AFDC households getting food stamps without going the route of really pulling them out of the Food Stamp Program and sort of having one AFDC welfare-type program—welfare is such a negative term and has such negative images. One welfare program for families with children and food stamps for the others. That is what I am afraid of.

Mr. EMERSON. As you know, this is a pilot program.

Mr. GREENSTEIN. Yes, absolutely.

Mr. EMERSON. All pilot programs are designed for us to learn something from and we would hope to monitor it very, very carefully.

Mr. GREENSTEIN. And as I said, I certainly support doing this on a pilot basis.

Mr. EMERSON. Thank you.

Mr. Chairman, could I have a couple additional minutes, please?

Mr. HATCHER. Yes, sir.

Mr. EMERSON. Mr. Greenstein, you know I favor a concept of what I call one-stop shopping for programs designed to aid needy families and that is that it seems to me that if people need food assistance, they probably need housing assistance, transportation assistance, medical assistance, and job training assistance. We have had a very difficult time getting a handle on this.

I think probably the biggest impediment to our getting a real handle on it is bureaucratic turf-guarding. At least that is my conclusion after looking at and thinking about this for about 5 years. We are getting some data, but it is slow in coming.

How do you feel about this idea? I mean, from your perspective, is it worth pursuing, that we would have one place to go and try to address the total needs of people who are genuinely in need, especially families with children. Or do you think that the Food Stamp Program should always remain separate and distinct and apart from other welfare programs? I use the term welfare for the lack of a better term and I agree with you that it is a negative connotation.

Mr. GREENSTEIN. Let me clarify a little what I just said.

On the one hand, I favor maintaining the Food Stamp Program as a distinct program with its eligibility rules and benefit structure and its universality among the poor. That absolutely does not mean that I think you should have to go in a separate door to get food stamps. Now, we now have links between AFDC and food stamps and, to a lesser degree, at the Social Security Office. It never seems to work as well as we would all like it to, but where you can apply for food stamps when you apply for SSI.

I think I would agree with you that we need to try to find more opportunities to do that. One of the difficulties, of course, is that some of these programs have such different purposes and such different rules that when you try to combine them, you get—combine to do one-stop shopping, you can either or both of two problems. One is if you try and have one caseworker cover a number of different programs, it is often impossible, given the plethora of rules and different purposes, for a caseworker to know Medicaid and housing and food stamps.

Second, my recollection is that back in the late 1970's, there was one State—I believe it was Wisconsin—that attempted to do a single application covering a whole range of programs with a computer hookup so the computer could tell you all the programs you were eligible for and it sounded like a great idea.

My recollection is that when they sat down to do the application, it was more than 30 pages long and the concern was that rather than easing access, it might pose new barriers. But I think what that suggests is that we need—that while it is probably unrealistic, at least in the short run, to come up with a global answer, we are going to have, suddenly, a simple way to apply for 8 or 10 programs at once.

We need to look for every opportunity we can find and perhaps do some pilots and demonstrations to move two and three programs together here and there. When I was at the Department in the late 1970's, President Carter set up something called the Eligibility Simplification Task Force to try to figure out to move—I think it was eight programs together, and it proved so difficult that after 1 year, they didn't come up with very much. Some of us thought that if we had started out trying to look at how to move two, three, or four programs closer together and made what progress we had there, rather than trying to do the whole ball of wax at once, we might have gotten farther along.

I think there are opportunities here. I think, in the State of Vermont, as I understand it, they have just been the first State to come up with a 1 or 2 page assured joint application for WIC and Medicaid. It doesn't include food stamps, but that is an example of the kind of thing we need to do and where there are opportunities to do it with food stamps in another program, whether it is housing or something else, whatever it might be, I think we ought to look for those opportunities.

Mr. EMERSON. Maybe we could design some pilot programs in the farm bill and see how it would work. I think simplification would have to be a component as well. I mean, a 30-page application is not desirable. That is a problem right now with food stamps. I mean, there is one State right now that has a 35-page application you have to fill out to qualify for food stamps, not to mention all the other 95 Federal programs that are designed to help people who have some need in one category or another.

So simplification must also be one of our objectives.

Thank you. I have taken far more than my fair share of the time.

Mr. HATCHER. Mr. Espy.

Mr. ESPY. Thank you, Mr. Chairman.

I do have a formal statement today and I would ask unanimous consent to have it included as a part of the record.

Mr. HATCHER. Without objection.

Mr. ESPY. Thank you, I do appreciate it.

[The prepared statement of Mr. Espy follows:]

STATEMENT BY CONGRESSMAN MIKE ESPY OF MISSISSIPPI BEFORE THE SUBCOMMITTEE ON DOMESTIC MARKETING, CONSUMER RELATIONS, AND NUTRITION

NOVEMBER 1, 1989

MR. CHAIRMAN, I WOULD LIKE TO COMMEND YOU AND YOUR STAFF ON HOLDING THESE HEARINGS ON THE FOOD STAMP PROGRAM. YESTERDAY, WE HEARD FROM MEMBERS OF CONGRESS, USDA, GAO, THE FOOD RESEARCH AND ACTION CENTER, AND OTHERS. TODAY, WE WILL HEAR FROM PROFESSIONAL WITNESSES WHO WILL SHARE WITH US THEIR THOUGHTS AND IDEAS ON THIS IMPORTANT MATTER.

THE FOOD STAMP PROGRAM IS A MAJOR COMPONENT TO MEET THE NEEDS OF MANY CONSTITUENTS IN THE SECOND CONGRESSIONAL DISTRICT OF MISSISSIPPI WHICH I REPRESENT. IT PROVIDES THEM WITH A FLEXIBLE MEANS OF BEING ABLE TO OBTAIN NUTRITIOUS MEALS WHILE LIVING ON LOW INCOME, OR IN SOME CASES, NO INCOME. IT IS A VERY VIABLE AND NECESSARY PART OF MEETING THE BASIC NEEDS OF MANY OF MY CONSTITUENTS. WITH HIGH UNEMPLOYMENT AND OVER HALF OF THE PER CAPITA INCOME COMING FROM TRANSFER PAYMENTS, THE FOOD STAMP PROGRAM IS AS NECESSARY FOR MY CONSTITUENTS AS SHELTER AND CLOTHING.

IN LIGHT OF THE BENEFITS THESE CONSTITUENTS RECEIVE FROM THE FOOD STAMP PROGRAM, THERE ARE AREAS IN THE IMPLEMENTATION OF THE PROGRAM THAT CREATE UNNECESSARY HARDSHIPS UPON CONSTITUENTS WHO ARE ALREADY DEPRIVED OF AN AVERAGE LIFESTYLE. LITTLE, OR NO EDUCATION REGARDING WHAT IS AVAILABLE IN THE FOOD STAMP PROGRAM, AND WITH ILLITERACY RUNNING AT 27 PERCENT IN MISSISSIPPI AND SUBSTANTIALLY HIGHER IN MY DISTRICT, MANY OF MY CONSTITUENTS FIND THEIR INTIMIDATION OF THE SYSTEM A BARRIER TO UNDERSTANDING THEIR

RESPONSIBILITIES AS FOOD STAMP RECIPIENTS. THEREFORE, MANY ARE DEPRIVED OF THE FULL BENEFITS AVAILABLE THROUGH THE FOOD STAMP PROGRAM.

YESTERDAY, WE HEARD FROM THE ASSISTANT SECRETARY FOR FOOD AND CONSUMER SERVICES, MS. BERTINI, WHO STATED THE FOOD STAMP PROGRAM WILL COST ABOUT $15.5 BILLION IN 1991. FISCAL YEAR 1991 WILL BE ANOTHER DIFFICULT YEAR OF BUDGET RESTRAINTS. AS A MEMBER OF THE BUDGET COMMITTEE, I WILL DO ALL THAT I CAN TO SEE THAT THIS PROGRAM WILL BE FULLY FUNDED.

IN CLOSING, MR. CHAIRMAN, I WANT TO REITERATE THE IMPORTANCE OF THIS PROGRAM TO MANY OF MY CONSTITUENTS AND MILLIONS OF AMERICANS, AND TO SAY THAT I LOOK FORWARD TO WORKING WITH YOU AND THE OTHER MEMBERS OF THIS SUBCOMMITTEE IN REAUTHORZING THE FOOD STAMP PROGRAM IN THE 1990 FARM BILL.

Mr. **Espy**. Also, thank you again for the second day of hearings on a very important issue as we begin to mark up the 1990 farm bill.

Welcome, Bob, and Ms. Celani. I am sorry that I didn't attend the formal part of your presentation, and if my questions ask that you go over something that you have already said, I apologize, but if I could get your opinion on the revelations of yesterday whereby the members from West Virginia brought to the committee's attention changes in the eligibility guidelines of FNS to the State of West Virginia, where there was some sort of a $100-a-year clothing allowance which FNS interpreted as income, thereby reducing the food stamp allotment by $33 per year, and which necessitated a conflict between the clothing needs and food needs, and I understand that there was another situation that involved a blind recipient's receipt of a donation of dog food, which was also considered as income, which necessitated a choice between dog food and people food. That is something I find sort of outrageous and we went over it yesterday, but I want to get your view of whether these kinds of things are going on in other States and whether you think that FNS intends to change this and if so, what would you recommend?

Mr. **Greenstein**. I understand. I was not here yesterday afternoon. I understand that FNS talked about making a modification in West Virginia, but you know, again, we have always had the principle in the Food Stamp Program that we have national rules and I think whatever is done ought to be done nationally. I would have a recommendation on that front.

The background on this, I think, is that for a number of years in the Food Stamp Program, there has been a rule that what are called vendor payments, or third-party payments, payments to some other party that may benefit a household but cash never goes in the household's pocket, are not considered income when we do the food stamp eligibility and benefit determination.

However, it was actually when I was at the Department that we were concerned that we not get into a situation where States start turning part of basic AFDC or general assistance payments into vendor payments, thereby avoiding their being counted as income. We thought that that was something that if we didn't plug what we viewed as a potential loophole could be a multibillion dollar new cost on the Federal Treasury in food stamp benefits.

So there were some rules written in 1978, 1979, that said if a State diverted a part of the regular AFDC grant or other benefit grant that was for ongoing basic living expenses into a vendor payment, that it still counted as income. That seemed to work fine for a number of years.

In 1985, FNS came up to this committee and the Agriculture Committee and said, "We have a couple of lawsuits that are challenging that regulation, and if we lose these lawsuits, again, we could have a potential serious erosion on the Federal Treasury." We need some language to protect us against the lawsuits and if you look at the legislative history, the committee report of this committee, the committee approved the FNS proposal and the legislative history is clear that what it was supposed to do was to preserve the status quo and defeat those lawsuits.

Unfortunately—and that is what FNS said it wanted—unfortunately, after the legislation passed, FNS began to move on an individual States—West Virginia being one of them—to not simply defeat those lawsuits, which I agree should have been defeated, but to get into things like the clothing vouchers which, under the original rules from the last 1970's, should not be counted as income and to start counting those items as income.

As a result, we have this problem in West Virginia, and I think a few other States. I don't know how widespread it is. I think it is a handful of States, although I could be wrong.

What I would—and FNS could fix this tomorrow administratively, but I think up until now has not been of a mind to and even if the new political appointees would like to, they may face difficulty from OMB now, even if the cost is only a few million dollars.

So I think what the committee may need to do is to put some language in the farm bill, if not before that, that basically establishes the principle that where we were in 1985 is where we should be, that make sure that none of those lawsuits can come back up, gives the Department the protection against the lawsuits it said it needed in 1985, but that undoes the things like West Virginia that the Department has done since 1985 and that this committee never intended to happen.

Mr. ESPY. Thank you.

Ms. Celani, is this a problem in your State and would you agree with that recommendation?

Ms. CELANI. In Vermont, we have considered giving special payments, but have not done so because we know how FNS was going to interpret them and we felt that, therefore, the clients would not benefit and we did not implement them.

Mr. ESPY. But you would agree with the——

Ms. CELANI. Yes.

Mr. ESPY. Thank you.

Thank you, Mr. Chairman.

Mr. HATCHER. Yes, sir.

Mr. Greenstein, thank you very much for your testimony. It is very helpful.

Mr. EMERSON. Mr. Chairman, could we have permission to submit some additional questions in writing? I understand we are trying to adhere to the 5-minute rule here, but there is more than we can handle with the 5-minute rule, so if we could submit questions in writing, I would appreciate that opportunity.

Mr. HATCHER. Without objection, so ordered.

Mr. EMERSON. Thank you.

Mr. HATCHER. Thank you, sir.

Ms. Celani, we will now hear from you. I apologize for bringing you up earlier, but it is good to have you with us today.

STATEMENT OF VERONICA CELANI, COMMISSIONER, VERMONT DEPARTMENT OF SOCIAL WELFARE, ON BEHALF OF THE AMERICAN PUBLIC WELFARE ASSOCIATION

Ms. CELANI. Thank you.

Mr. Chairman, members of the subcommittee, I am Veronica Celani, commissioner of the Vermont Department of Social Welfare. I am here today as chair of the American Public Welfare Association, APWA, Food Stamp Reauthorization Task Force.

APWA is a 59-year-old, nonprofit, bipartisan organization representing the 50-State human service departments, 800 local public welfare agencies and 5,000 individuals nationwide. APWA has been a leader in the movement to reform and strengthen the Nation's economic security and human service programs for low-income families and individuals.

In 1986, APWA published, "One Child in Four," which presented the State human service commissioner's recommendations for comprehensive welfare reform. These recommendations emphasized the necessity of changing assistance programs into vehicles for self-sufficiency for as many recipients as possible. Among the elements of such strengthened programs must be a set of mutual obligations between the welfare agency and the client, opportunities and incentives for education and job training, and a realistic base of income support.

Many of these principles were reflected in the Family Support Act of 1988, the significant reform of the Aid to Families with Dependent Children Program passed by strong bipartisan majorities last year.

Next year's reauthorization of the Food Stamp Program presents an excellent opportunity to achieve equally important improvements in this vital component of our support of low-income families. The State human service commissioners are actively participating in setting the agenda for this process. We are now finalizing a set of reauthorization recommendations that will help move the Food Stamp Program toward the goals we seek.

The Food Stamp Reauthorization Task Force is the working group we have established to develop our proposals. The task force was convened earlier this year and is staffed by the State food stamp program directors. It has consulted with the Congress, the U.S. Department of Agriculture, and advocacy organizations in formulating its recommendations. We are pleased to have much in common with these groups on many of the important reforms that we seek.

We believe this presages a strong, broadly supported effort next year that can make significant improvements in the Food Stamp Program.

In the interest of not going through the details of the testimony, I will look at some of the highlights. We want to briefly review the major priorities that the task force has identified so far.

We have moved in two directions. We have examined improvement of program benefits and access and we have examined improvement of program administration. Those are the two areas that we have recommendations in.

In improvement of program benefits and access, the first is household definition. It is broad agreement that the definition of a food stamp household, the person or persons grouped together for eligibility and budgeting purposes, has grown far too complex in recent years and also fails to reflect how many low-income families must now live. What we are looking at is a revised definition that would, one, provide that only spouses, parents, and their minor children who reside together must be included in the food stamp household; two, persons who reside together other than the above may be included in a group or be separate groups based on their declaration of whether or not they subsidize each other's food costs.

Further, the current protection for severely impaired persons who may now apply as separate households should be expanded to include all such persons over age 18 and not just those over 60.

We looked at deductions and exclusions from income. The Food Stamp Program, as you know, allows a number of deductions and exclusions from gross income to reflect the necessary expenses of maintaining a household or holding a job. The first of these that we feel is very important is shelter costs. As has been mentioned, the way the Food Stamp Program currently works is that most food stamp households can deduct only those housing costs above 50 percent of their net income that do not exceed about $170 a month.

Many food stamp households already have difficulty meeting monthly housing costs and far too many of them live in danger of losing their home. We strongly recommend removing the present low limit on shelter deductions as an important and practical way to help such families remain in permanent housing and to diminish the acceleration in homelessness.

The history behind the shelter cap is that at a time when there was no 130-percent income cap in the Food Stamp Program, it necessitated deduction caps so that individuals who were at a high income would not be able to take large deductions. With the imposition of the 130 percent income cap, the shelter deduction no longer serves that same kind of purpose.

We have another exhibit for you which will demonstrate the impact of the current shelter deduction on Vermont families and what would occur for them in the Food Stamp Program if that shelter-cap deduction were removed.

It compares families with children to the elderly group and looks at how the per-capita food stamp benefit that they receive now is grossly inadequate, compared to the other groups, and it demonstrates how this policy has been very discriminatory for children and families.

I would like to also point out that Vermont has the third highest AFDC payment and we also have our own minimum wage, which is higher than the Federal minimum wage, which in essence means that individuals already get a lower food stamp benefit because they have higher incomes, and yet, here when the shelter deduction, which only looks at shelter deductions above half of their net income, demonstrates that it has a very beneficial impact.

For a State that would have low AFDC payments and would have even lower incomes, that benefit is even greater, but yet, here we are, a rural State that no one would think would have the kind of problems in homelessness and high shelter, indeed does have them and can, indeed, benefit from what we are describing here.

This removal of this very inequitable policy is one that we strongly promote.

The other deductions are HUD utility payments. Many households living in housing subsidized by the Department of Housing and Urban Development receive a utility allowance each month to help defray their utility expenses. Current Federal interpretations count these payments as income, rather than excluding them as energy assistance.

The task force recommends that HUD payments be excluded, just like other energy assistance.

Medical deductions. We also wish to reform the deduction that elderly and disabled recipients are allowed for medical costs. Currently, these costs must be calculated by adding up the actual prices of various medical items, resulting in a costly and time-consuming process.

Child support disregard. We also again would like to see, in this case, the first $50 that is collected under the title IV–D collections for AFDC recipients to be disregarded in the Food Stamp Program, as it is currently being done in the AFDC Program.

Student income and grants. Again, there is evidence that low-income students who advance their educations have a far better chance of boosting their earning potential and becoming self-sufficient. Current food stamp law prohibits college student eligibility unless the student works at least half-time, is the parent responsible for a young child or is handicapped.

Legislation allowing students to attend college full-time if they live at home was passed by the House in 1987, but went no further. We recommend that this change be enacted by Congress next year.

The treatment of educational income and job training allowances should also be revised and be consistent with the AFDC Program, which allows most such educational assistance to be exempt from income counted toward determination of benefits.

Benefit levels and benefit reduction rate. Again, the task force shares the concern that had been mentioned before and recommends that Congress require an evaluation of the adequacy of the current plan, taking into account such variables as the price of food actually available in or near low-income neighborhoods.

Resource limits for vehicles. We would like to see examined the vehicle resource limit of the $4,500 market value. We would like to see that changed.

Food stamp employment and training programs. Again, much attention has been concentrated on the Job Opportunities and Basic Skills training programs, JOBS, and the new AFDC employment and training component of last year's Family Support Act. The task force recommends that HHS and USDA coordinate as much of these two work programs as possible.

Examples of potential areas include funding, criteria for participation, penalties for nonparticipation, standards to be met, and monitoring systems.

Barriers to participation. Throughout the Food Stamp Program's history, there has been concern about potential barriers that prevent or discourage participation by various individuals and groups. What we recommend is that a USDA-directed national outreach effort that we present food stamps in a positive light and help convince the elderly of the program's value to them be initiated.

We further recommend that the outreach campaign be made in cooperation with the Commission on Aging.

Improved program administration. Again, consistency between the food stamps and the AFDC Program is something that we would like to see and we would recommend that there would be a panel established that regulations would move through in order to determine that they are as consistent as possible.

A couple of other things that we recommend is electronic benefit transfer. Currently, States wishing to issue food stamp benefits via electronic benefit transfer systems, such as Smart cards, can do so only through special demonstration project authority. Because this technology is becoming more widespread and cost-effective, the task force recommends that States be given statutory authority to allow such systems as part of normal administrative procedures.

One of the areas that people have talked about is the one of one-stop shopping, combining AFDC benefits with food stamps to the maximum extent possible. The electronic benefit transfer technology is one of the methods to achieve those ends. It is also one of the methods by which the cash-out phenomena which can erode the support for this program can be avoided, still preserving the distinctions between the programs, but at the same time assuring that all the other features that we seek are dealt with.

This also brings to mind, which I haven't mentioned in the testimony, but one area that the task force agrees upon. We feel it is very important to continue the 75-percent matching on development of systems, particularly if we are going to look at administrative savings and if we are going to examine elements such as electronic benefit transfer, combining applications, looking at whether workers can handle one more program or multiple programs.

The only way to do that is through a very high degree of automation. States have been very prompt to develop these automated systems as a result of having this kind of enhanced funding.

All subsequent changes that come through require the same amount of modification and development and we would recommend that the 75-percent matching be continued.

In conclusion, Mr. Chairman, again, I skipped over quite a few things that are in my testimony. However, I appreciate the opportunity to present this summary of the American Public Welfare Association's recommendations for reauthorization of the Food Stamp Program.

Again, a full statement of our proposals will be forwarded to you in the near future. We look forward to working with you and your colleagues to improve and strengthen this critical component of our services to the Nation's low-income families.

[The prepared statement of Ms. Celani appears at the conclusion of the hearing.]

Mr. HATCHER. Ms. Celani, thank you very much for your testimony. It has been very helpful and I, and the subcommittee, will look forward to receiving APWA's final reauthorization recommendations.

Mr. Emerson.

Mr. EMERSON. Thank you, Mr. Chairman.

Mr. Celani, I saw in a recent report from your organization that there was a recommendation that Federal agencies should be required to simplify regulations with an eye toward conformity between food stamps and AFDC and that an independent board be set up to review draft regulations concerning these programs. That is a very worthy and objective goal.

But would that address the problem that States have with the differing rules and regulations? In AFDC, States have choices in determining policy, but with food stamps, they have choices only very rarely. Would you respond to that?

Ms. CELANI. That is correct, that there are more choices in the AFDC Program and I think sometimes in the Food Stamp Program, there actually are more options and choices, as well, however, what we have found sometimes is that there is a tendency actually in both administrations of both HHS and USDA to resist conforming on some things that can be—that are very, very basic in terms of exclusions of certain income or definitions of certain income, student loans being a good example, where they have the power to do so, but are simply unwilling to budget on it.

Then, particularly in the areas of income and employment and training, we have other programs, such as JTPA and the Labor Department's rules about what counts now. What we find is there is no one on the Federal level who examines the various regulations that come down through these various agencies that then effect each other's programs and attempts to conform, at least in those areas where that conformance is possible.

Mr. EMERSON. I think that is a very worthwhile objective and we should pursue it.

Another recommendation from your organization is that all deductions should be indexed to reflect rising costs. Are AFDC payments, as determined by the States, indexed. Which States have an automatic inflation adjustment for AFDC, as there is in the Food Stamp Program? Where are we there? Is it all over the lot?

Ms. CELANI. It is all over the lot. That is correct. But in terms of the actual deductions from income, for example, that is set in law and States don't have those options. Those, again, are the areas that we would propose that there be made attempts to calculate income the same way, make deductions as similar as possible, not to have discrepancies which, when you explain to this to a program participant, they don't—their head is swimming. They don't know why you give them this much in child care under this program and that much under another program. It just doesn't make sense.

Mr. EMERSON. One quick final question. The Minnesota plan, are you familiar with it? Are you familiar with what we are trying to do with the pilot project?

Ms. CELANI. I am familiar with the concept, yes.

Mr. EMERSON. Is it of interest to other States or State administrators such as yourself. Are you talking about it among yourselves, or has it caught on yet?

Ms. CELANI. The idea is very, very intriguing and again, the challenge is to pull it off, given the differences in the various programs. The State of Washington is another place where we see that request and Minnesota being another one. Yes, we are all looking toward that.

Again, the concern that would arise when we examine that is whether cash-out would be a feature of it and that is why in my statement, I mentioned that I think the new technologies, such as electronic benefit transfer, are ways to go and, for example, in Vermont, we have developed a consortium with New Hampshire and Maine where we are looking at EBT systems because you need a critical mass in terms of number of transactions to make it cost-effective, but yet, if we attempted to pursue that to the point of food stamps, we wouldn't be able to because of the current limitations on food stamp participation only as a demonstration project.

Mr. EMERSON. Thank you, would you, if you have the information, or would you have the APWA submit for the record for our consideration the names of the States that have indexed AFDC payments?

Ms. CELANI. Yes, we will submit that information.

Mr. EMERSON. That information would be useful to us.

Thank you very much.

[The information follows:]

State of Vermont

AGENCY OF HUMAN SERVICES

DEPARTMENT OF SOCIAL WELFARE
Commissioner's Office
103 South Main Street
Waterbury, VT 05676
Telephone: (802) 241-2852
FAX: (802) 241-2830

April 3, 1990

Lynn Gallagher
House Agriculture Committee
1002 Longworth Building
Washington, D.C. 20515

Dear Ms. Gallagher:

During recent committee testimony, Representative Emerson asked me which were the States besides Vermont that, by law, indexed the AFDC payment to annual cost-of-living adjustments. I said that I would provide him with such a list.

Attached are some pages from a Congressional Research Service report that provides this information. It is on the page headed CRS-19. The appropriate information is highlighted. The statement that the Vermont law is more recent than 1973 is incorrect. The Vermont statute was enacted in 1967.

Thanks again for the courtesies extended to me during my committee testimony.

Sincerely,

Veronica H Celani

Veronica H. Celani
Commissioner

VHC/epa

cc: Larry Goolsby, APWA

89-626 EPW

CRS Report for Congress

Aid to Families with Dependent Children (AFDC): Need Standards, Payment Standards, and Maximum Benefits for Families with No Countable Income

Carmen D. Solomon
Specialist in Social Legislation
Education and Public Welfare Division

September 7, 1988
Updated November 21, 1989

CRS

Congressional Research Service • The Library of Congress

Footnotes for table 5--continued.

[f] Kansas has a basic standard and a shelter standard. The shelter standard varies from area to area (i.e., from $92 monthly to $135 monthly). The shelter payment in Topeka and some of the other larger cities is $109 monthly. The figures shown include a shelter standard of $135.

[g] Louisiana has two payment schedules, one for urban areas, from which our data were taken, and one for rural areas.

[h] Michigan has varied shelter maximums. Shown are benefits for Washtenaw County (Ann Arbor) and Wayne County (Detroit).

[i] New York has payment schedules for each social service district. Shown are the Suffolk County and New York City amounts.

[j] Pennsylvania has four regions. The figures in the table are from region 1, which has the highest benefits.

[k] Rhode Island has a winter and non-winter payment schedule. The figures in the table are from the non-winter schedule which lasts from May through October. The winter schedule lasts from November through April.

[l] Vermont has a base amount plus a housing maximum (including utilities) that depends on whether the recipient lives inside or outside Chittenden County. The largest amount paid to a recipient with no other countable income equals 67 percent of the base amount plus 67 percent of the housing allowance. The table assumes that the recipient lives in Chittenden County, for which the maximum allowed for shelter is $350 per month.

[m] Virginia has three payment schedules. The figures shown are from area 3, which has the highest benefits.

[n] Wisconsin has two regions--urban and rural. Our data were taken from the payment standard for urban areas.

[o] Puerto Rico pays 50 percent of the need standard plus 50 percent of rent as paid. The figures assume rent at $20 a month. Officials estimate that $20 is the average monthly amount paid for rent.

[p] Among the 50 States and the District of Columbia.

Source: Table prepared by CRS on the basis of a telephone survey of the States.

CHANGE IN AFDC NEED STANDARDS AND MAXIMUM BENEFITS ACROSS TIME

As mentioned earlier, the need standard is not required to reflect, and in many instances does not reflect, the current prices of the items that compose it. Only once, in the Social Security Amendments of 1967, did Congress require States to adjust their cost (i.e., need) standards to fully reflect changes in living costs since such standards were established. However, that law did not require States to change actual benefits paid.

Table 6 shows the change in the AFDC need standard (for a family of four) from July 1970 to July 1989, by State. If the States are ranked according to their need standards, the increase in the median State's need standard from July 1970 to July 1989 was 124 percent, from $277 to $621. However, in constant 1989 dollars, the need standard in the median State fell by almost 30 percent, from $879 to $621.

Table 7 shows the change in AFDC maximum benefits (for a family of four) from July 1970 to July 1989, by State. If the States are ranked according to their maximum benefits, the AFDC benefit for a family of four in the median State rose from $221 in 1970 to $432 in 1989, an increase of almost 96 percent. In constant 1989 dollars, however, the median State's guarantee declined from $701 in 1970 to $432 in 1989, a reduction of 38 percent.

Thus, in constant dollars (after adjustment for inflation), the maximum benefit levels kept pace with inflation, during the period 1970-88, in only two States, California and Maine. Data obtained from the July 1988 telephone survey of the States and territories and a review of selected State Codes indicate that five States, Alaska, California, Connecticut, the District of Columbia, and Vermont currently have a provision in State law requiring AFDC benefits to be increased annually for cost-of-living adjustments. California's law has existed since 1973 and requires an annual adjustment of AFDC benefits to reflect increases or decreases in the cost of living. The adjustments now are based on the California "Necessities Index." The other State laws are more recent and require annual AFDC benefit increases, based on changes in the Consumer Price Index (CPI).

As real AFDC benefits declined, food stamp benefits offset part of their losses. Even so, combined AFDC-food stamp benefits for a family of four without countable income in the median AFDC State dropped from $848 (July 1989 dollars) in 1971 to $685 in 1989.[6] This drop, which amounted to a little over 19 percent, was almost wholly due to shrinkage in AFDC. Maximum food stamp benefits have been adjusted for food price inflation in all years except 1982.

In the last 18 years the role of food stamps as a support to AFDC families has grown. Many States have increased their use of food stamps, which are 100 percent federally funded, as a supplement to AFDC cash. As shown in table 8, food stamps now represent 37 percent of combined benefits to a four-person family without private income in the State with the median AFDC maximum benefit. Back in 1971, the corresponding food stamp share was 19 percent. (See tables 9 and 10 for current data on combined AFDC and food stamp benefits by State.)

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[6] *Note*: The Food Stamp program began operating under uniform national rules in 1971.

TABLE 7. Maximum AFDC Benefit for a Four-Person Family, by State, Selected Years

	July 1970	July 1975	July 1980	July 1989[a]	Percent change 1970-89	Percent change 1970-89 in constant dollars[b]
Alabama	$ 81	$135	$148	$147	81.5%	-42.8%
Alaska	375	400	514	899	139.7	-24.5
Arizona	167	183	244	353	111.4	-33.4
Arkansas	100	140	188	247	147.0	-22.2
California	221	349	563	824	272.9	17.5
Colorado	235	264	351	432	83.8	-42.1
Connecticut	330	403	477	756	129.1	-27.8
Delaware	187	258	312	402	115.0	-32.3
District of Columbia	238	297	349	499	109.7	-33.9
Florida	134	170	230	338	152.2	-20.5
Georgia	133	153	193	322	142.1	-23.7
Hawaii	263	497	546	670	154.8	-19.7
Idaho	242	344	367	357	47.5	-53.5
Illinois	282	317	350	386	36.9	-56.9
Indiana	150	250	315	346	130.7	-27.3
Iowa	243	356	419	476	95.9	-38.3
Kansas	244	353	390	506	107.4	-34.7
Kentucky	187	235	235	285	52.4	-52.0
Louisiana	109	158	213	234	114.7	-32.4
Maine	168	219	352	551	228.0	3.3
Maryland	196	242	326	477	143.4	-23.3
Massachusetts	314	368	419	628	100.0	-37.0
Michigan (Washtenaw Co.)	–	453	531	601	–	–
Michigan (Wayne Co.)	263	399	501	571	117.1	-31.6
Minnesota	299	385	486	621	107.7	-34.6
Mississippi	70	60	120	144	105.7	-35.2
Missouri	130	150	290	333	156.2	-19.3
Montana	228	227	331	433	89.9	-40.2
Nebraska	200	245	370	435	117.5	-31.5
Nevada	143	230	314	390	172.7	-14.1
New Hampshire	294	346	392	563	91.5	-39.7
New Jersey	347	356	414	488	40.6	-55.7
New Mexico	182	206	267	317	74.2	-45.1

Continued on next page.

TABLE 7.–Maximum AFDC Benefit for a Four-Person Family, by State, Selected Years–Continued

	July 1970	July 1975	July 1980	July 1989[a]	Percent change 1970-89	Percent change 1970-89 in constant dollars[b]
New York (Suffolk Co.)	–	$476	$563	$775	–	–
New York (New York City)	$336	400	476	638	89.9%	-40.2%
North Carolina	158	200	210	291	84.2	-42.0
North Dakota	261	347	408	472	80.8	-43.0
Ohio	200	254	327	397	98.5	-37.5
Oklahoma	185	264	349	403	117.8	-31.4
Oregon	225	413	441	526	133.8	-26.3
Pennsylvania	313	349	381	490	56.5	-50.7
Rhode Island	263	319	389	620	135.7	-25.7
South Carolina	103	117	158	248	140.8	-24.1
South Dakota	300	329	361	421	40.3	-55.8
Tennessee	129	132	148	224	73.6	-45.3
Texas	179	140	140	221	23.5	-61.1
Utah	212	306	429	452	113.2	-32.8
Vermont	304	367	552	730	140.1	-24.3
Virginia	261	311	305	410	57.1	-50.5
Washington	303	370	536	578	90.8	-39.9
West Virginia	138	249	249	312	126.1	-28.8
Wisconsin	217	403	529	617	184.3	-10.4
Wyoming	227	250	340	390	71.8	-45.9
Guam	–	–	307	310	–	–
Puerto Rico	53	53	66	114	115.1	-32.2
Virgin Islands	–	166	210	215	–	–
Median State[c]	$221	$264	$350	$432	95.5%	-38.4%

[a] CRS survey.

[b] This column was computed using the CPI-U. The CPI-U was 39.2 in July 1970 and 124.4 in July 1989.

[c] Among the 50 States and the District of Columbia.

Source: Table compiled by CRS on the basis of data from the DHHS and, where noted, from a CRS survey.

Mr. **Hatcher**. Thanks for your being here and for your testimony, Ms. Celani.

Ms. **Celani**. Thank you.

Mr. **Hatcher**. Next, we have a panel of three witnesses. Ms. Eloise Ellis, Capital Cities Task Force, District of Columbia. She is representing the American Association of Retired Persons. Ms. Patricia Morris, director of research, Public Voice, here in Washington. Mr. Steven Banks, coordinating attorney for Homeless Family Rights Project in New York.

I would like to welcome each of you. The subcommittee will hear from you in the order in which I called your names and reserve questions until the three of you have presented your testimony.

Ms. Ellis, we welcome you and look forward to your testimony.

STATEMENT OF ELOISE ELLIS, CAPITAL CITIES TASK FORCE, ON BEHALF OF THE AMERICAN ASSOCIATION OF RETIRED PERSONS

Ms. **Ellis**. Good morning, Chairman Hatcher. I am Eloise Ellis, representing the American Association of Retired Persons and I am also a part-time employee with the Center for Aging in greater southeast, serving Wards 6, 7, and 8, with a population of ages 60 and older working on case management, case assessment.

The American Association of Retired Persons appreciates this opportunity to express our views regarding the reauthorization of the Food Stamp Act.

Twenty percent of all food stamp households include at least one individual aged 60 or over and 1.6 million older individuals receive food stamp benefits. To summarize, AARP recommends that Congress address the need for improved outreach efforts, require mail issuance of coupons to elderly and disabled households who otherwise face a hardship in receiving benefits, strengthen efforts to simplify applications forms and consider improvements in the minimum benefit.

As is true of other public benefit programs, participation by older persons in the Food Stamp Program is particularly low. According to a 1988 study by the Congressional Budget Office, only 34 to 44 percent of eligible households containing an elderly member receive food stamps. It is often assumed that the overriding reason for low participation among the elderly is stigma; however, stigma appears to be far less an obstacle than lack of information and other factors.

A recent study found that more than two-thirds of eligible nonparticipants either didn't think they were eligible or didn't know. Distance from the food stamp office, low-benefit levels and administrative hassles were also found to inhibit participation.

Only 14 percent indicated that pride was a factor in their decision not to participate. Clearly, outreach is needed to inform persons of their possible eligibility for the program and to assist them in completing applications forms. This is especially important in rural areas where older persons are more likely to be socially and physically isolated and to lack access to program and service information.

AARP has been involved in outreach projects to increase participation in the SSI Program. We believe this experience can provide guidance for an effective food stamp outreach project. In the first phase of SSI outreach, a three-city pilot project, funded in part by the Commonwealth Fund Commission on Elderly People Living Alone, was undertaken to evaluate outreach activities on the local level.

Statistics provided by the Social Security Administration show that in these three cities, overall SSI applications and awards increased dramatically in 1988. The application rate increased by 97 percent and awards increased by 58 percent, as compared to the average of the 3 previous years.

Preliminary results from five additional outreach sites in 1989 are encouraging. During the months of May, June, and July 1989, applications in these five sites increased by 38 percent and awards increased by 37 percent.

The key to the success of AARP outreach projects is the use of coalitions, of local organizations, and citizens committed to helping low-income people in their community. The local agency assumes a leadership role in building and guiding a coalition of agencies to provide the broad-based support necessary to reach the elderly poor.

AARP provides technical assistance, training, material, videotapes, and some publicity. Groups that participate in the coalition may include the area agency on aging, information and referral agencies, religious organizations, health care providers, utility companies, advocacy organizations, legal services, and service providers for the elderly, blind, or disabled.

All coalition members participate in the training and project activities. The major methods employed in our 1988 and 1989 efforts have included extensive use of the media, training of social service providers, conducting community education presentations and 1-to-1 counseling of potential applicants.

During the training, advocates not only learn about SSI, but also receive information on their State medicaid programs. Similarly, the linkage between food stamps and SSI must be emphasized to ensure that applicants are informed of the full range of benefits for which they may be eligible.

Use of broadcast and print media is also essential for successful outreach. For instance, a 1-day phone-a-thon in Pittsburgh produced over 5,000 calls and many of those calling were referred to the local Social Security office to file an application.

Special attention must be paid to informing those not reached through additional methods of outreach such as minority groups. In 1988, a large portion of the population responding to the SSI outreach efforts in El Paso, Texas, were Hispanics. Bilingual and biculture outreach techniques prove to be most effective.

This year, AARP's activities were targeted to 12 Indian reservations in Wisconsin, Hispanics in San Antonio, and blacks in New Jersey. The association was careful to select organizations that have credibility in their minority communities.

With support from the Commonwealth Commission, AARP is planning to expand its outreach activities to 20 new sites in 1990. Outreach efforts will encompass other public benefit programs such as food stamps, Medicaid, low-income housing and energy assistance programs as well.

While AARP's outreach has been successful, local communities and organizations should not be expected to fill the current outreach void, nor can they reach the large number of potentially eligible participants nationwide who currently subsist on low incomes.

A national coordinated effort by responsible Federal agencies will be necessary to reach those throughout our nation who are eligible for, but not participating in low-income public benefit programs like SSI and food stamps.

Leadership is needed at the Federal level for outreach efforts if significant improvements in participation are to be accomplished. Initiatives can take a variety of forms, including enhanced Federal monetary support, such as an increase in the Federal match for outreach from 50 percent to 60 percent, provision of training and technical assistance to the States and development and promotion of model outreach programs.

The Food Stamp Program plays a vital role in helping low-income households maintain a healthy diet. Improvements in benefits, outreach, and administrative procedures will help ensure that older persons have better access to this important program.

AARP would be happy to work with Congress in favorably resolving these problems.

Thank you.

[The prepared statement of Ms. Ellis appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you, Ms. Ellis.

Ms. Morris.

STATEMENT OF PATRICIA MORRIS, DIRECTOR, RESEARCH, PUBLIC VOICE FOR FOOD AND HEALTH POLICY

Ms. MORRIS. Good morning, Chairman Hatcher, and Mr. Emerson.

I am Patricia Morris, director of research at Public Voice for Food and Health Policy, a nonprofit consumer research, education and advocacy organization focusing on food, agriculture and health issues.

I appreciate the opportunity to testify this morning on the Food Stamp Program in rural America and on specific and cost-effective policy recommendations that Public Voice believes would improve the effectiveness of the program among the rural poor, a group we have found that is profoundly hampered by poor nutrition and by the debilitating health consequences that follow.

Since 1984, Public Voice has documented the serious nutritional shortcomings in the diet of the rural poor. Our findings show that an alarming number of the rural poor do not obtain adequate amounts of the nutrients vitamin A, vitamin C, calcium, and iron, and for many, this translates into a lack of vegetables and fruits, particularly fresh vegetables and fruits.

As a result, many of the rural poor exhibit clinical symptoms of advanced nutritional deterioration. The rural poor are 1½ times more likely to have deficient serum blood levels of vitamin A and vitamin C as compared to the rural nonpoor. But perhaps most shocking of all, our examination has revealed that the rural poor children are 2½ times more likely than our Nation's nonpoor children to experience growth stunting, an important indicator of chronic undernutrition.

One factor that profoundly affects the rural poor's nutritional status is their access to the Food Stamp Program. The Food Stamp Program is designed to ensure that all poor persons have the purchasing power to obtain a nutritionally sound diet, yet the Food Stamp Program fails to reach many of the most needy in rural communities.

Findings from our current analysis of food stamp coverage in rural America indicate that throughout the 1980's, fewer than half of the poor living in rural counties receive food stamps according to data from the Census Bureau. In fact, despite increased Federal spending throughout this decade, the Food Stamp Program serves no greater proportion of the rural poor today than it did in 1980. The most recent data from the Census Bureau reveals in that 1986, only 44 percent of the rural poor participated in the Food Stamp Program. This is the same proportion of the rural poor participants as it was in 1980.

What this means in terms of people is that throughout the 1980's, roughly 5 million persons living at or below poverty in rural America were not receiving food stamps, according to data from the Census Bureau.

While many of the barriers encountered by the rural poor are similar to those encountered by the urban poor, I would like to focus today on those particular barriers in rural communities. First of all, the rural poor have limited access to food stamp offices. In many rural areas of the country, a county has only one food stamp office in a geographic area of several hundred square miles. Potential applicants must travel 20 to 30 miles, and frequently 50 miles, to reach a food stamp office.

This problem is further compounded by the lack of public transportation in many rural areas. With little or no bus service many of the eligible rural poor are hindered from applying or, if they are on the program, from going back to the office for recertification. In fact, some of our research revealed that many are forced to pay neighbors for rides to the food stamp office.

We have also found that the lack of mail issuance in rural communities is another significant deterrent to participation. Rather than simply receiving their food stamps in the mail, many must go to food stamp offices every month to pick them up.

The vehicle asset limit also serves as another barrier that affects a significant number of the most needy of the rural poor. Many of the rural poor often depend on their vehicles to haul water and wood to their homes, which often lack indoor plumbing or piped-in fuel. A dependable vehicle is a lifeline for these rural families. The value of a reliable vehicle, such as 3-year-old pickup truck, far exceeds the long-outdated $4,500 food stamp vehicle asset limit currently imposed by the program.

Any value above this level is counted toward the overall household asset limit. Thus, many of the most needy impoverished rural poor households, who would otherwise qualify for the program, become ineligible because of their vehicle.

Another critical barrier they face is the lack of information they receive regarding the program's eligibility requirements. In a report by the General Accounting Office, it concluded that no other factor had a sweeping impact on nonparticipation as did poor information regarding eligibility status. It was noted that this is a particular problem in rural areas where physical isolation heightens the problem.

The problem of assumed ineligibility is further compounded by the strong negative stigma associated with the program in many rural communities. Smalltown pride keeps many eligible rural individuals and families away from the food stamp office. This negative stigma is particularly prevalent among the new poor, which in rural communities, include farmers and others affected by recent economic declines.

In summary, the limited access to the food stamp office, vehicle asset limit and lack of adequate eligibility information act in concert to disenfranchise a significant number of the over 5 million rural poor who do not participate in the Food Stamp Program.

While the Hunger Prevention Act of 1988 addressed many of these, a great deal still needs to be done. We would ask that Congress reinstate Federal matching funds for mandatory State and local outreach efforts. Until 1981, Congress mandated and funded outreach activities in the Food Stamp Program. Effective outreach efforts must be carefully designed so that they locate and serve the most needy. Specifically, States should be encouraged to establish targeted outreach programs in the areas of greatest need in the State and the information distributed should emphasize a program's eligibility criteria, rather than information about the existence of the program.

In addressing the barriers posed by the vehicle asset limit, Congress should increase the vehicle asset limit from $4,500 to $5,500 and increase that annually to keep pace with inflation.

Also, we would like to see that households are exempted who have either no piped-in water or fuel or it should establish a higher allowable value limit for one vehicle owned by such a household before calculating its value toward the household's assets.

We would also like to see a change in the household definition to better address the needs of a growing number of the rural poor who live in overcrowded housing situations. I would like to emphasize that addressing this aspect of the eligibility criteria would also have a beneficial effect on migrant farmworkers who continue to be among the most poorly served.

In fact, despite their extreme poverty, fewer than one-quarter of the Nation's farmworkers currently receive food stamps.

To improve the rural poor's access to food stamp offices, Congress should monitor the States to ensure that they are complying with the regulation legislated in the Hunger Prevention Act of 1988, that food stamp staffs inform clients with substantial transportation difficulties that they can be certified for the Food Stamp Program by telephone or by home interview.

We would also like to see Congress mandate States to make available direct-mail food stamp coupon issuance to all residents in a State.

Last, because so many of the rural poor have limited access to fresh fruits and vegetables, Public Voice would like to see Congress require USDA to encourage farmers and farmers markets to accept food stamps by easing food stamp certification and regulation requirements for farmers. Currently, each farmer must set up a separate bank account and apply to USDA for certification. Many see the difficulty incurred establishing a separate bank account as not worth the effort because they believe that few food stamp users purchase food at a farmers market. The result has been that only a small number of farmers accept food stamps.

The Food Stamp Program continues to be an essential program to the nutritional well-being of the rural poor. We hope these hearings will provide the impetus to develop and work with creative ideas to increase participation of the rural poor in this worthwhile program.

Thank you.

[The prepared statement of Ms. Morris appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you.

Mr. Banks.

STATEMENT OF STEVEN BANKS, COORDINATING ATTORNEY, HOMELESS FAMILY RIGHTS PROJECT, LEGAL AID SOCIETY

Mr. BANKS. Good morning, Mr. Chairman, Mr. Emerson.

My name is Steven Banks. I am the coordinating attorney for the homeless family rights project of the Legal Aid Society in New York City. I ask that my statement be included as part of the record, and rather than go through it in detail, that I simply highlight certain relevant points to your purposes today.

First of all, let me say that the Legal Aid Society in New York has been involved with representing homeless families with children for the past 7 years. As a result of our litigation, there are now court orders requiring New York City to provide emergency shelter to homeless families and to require that that shelter be adequate and meet minimum standards. Over this period of time in the last 7 years, we have represented hundreds of individual families through hotline daily assistance and through outreach to hotels and shelters.

Tonight, there are some 3,900 homeless families with children in New York City and that includes more than 7,000 children. Homelessness, however, is not simply a New York City problem. It is a problem which is growing nationally and while the numbers are larger in New York, the population base is larger in New York. Proportionally, it is in suburban communities and rural communities where homelessness is growing as fast as ever, and homelessness in particular amongst children is the fastest-growing portion of the homeless.

In New York City, conditions in welfare hotels and barracks-style shelters are so well known that there really is no need to repeat them here. Suffice it to say that children and their families who are living in hotel rooms which are 9½ by 11 feet, perhaps sleeping in one bed, with food hung from the wall to keep the mice from eating it, without access to a private bathroom, are certainly families that have fallen through the safety net. Similarly, families living in barracks-style shelters where infectious diseases, such as measles, mumps, and chickenpox are the norm, have also fallen through the safety net.

Against this backdrop, Federal funding for housing has been slashed from more than $30 billion to $7 billion. While this is a hearing on the Food Stamp Act and not on the housing authorization, it is a background issue that is extraordinarily important when dealing with the homeless crisis, particularly the homeless crisis involving homeless children.

Efforts to ameliorate homelessness by improving the delivery of food stamps, for example, to homeless families are certainly helpful on an immediate short-term basis, but the problem remains one of lack of housing and, most particularly, lack of affordable housing.

Having said that, however, let me point to four concrete steps that Congress can and should take to address, most particularly, the nutritional problems of homeless families, as well as to address some of the problems of preventing homelessness amongst families that the Food Stamp Act affects—for which the Food Stamp Act has consequences.

First of all, Mr. Espy and Mr. Greenstein alluded to one critical problem which is in need of urgent action by Congress right now that affects homeless families throughout the country, and that is the expiration of section 5(k)(2) of the Food Stamp Act. That section expired on September 30. That section prohibited FNS from including as food stamp income third-party payments used by localities like New York City to pay for emergency housing for homeless families. What this means to the typical homeless family is that not only are they consigned to living in squalid conditions in welfare hotel rooms, but unless this provision is extended, the food stamps for those families will be cut between one-third and one-half.

For example, in New York City, a family of four, which now receives $178 per month in food stamps, will receive, if this provision is not extended, only $102 in food stamps. That is a reduction of $76 in food stamps for that family and those children.

The history of this provision was alluded to by Mr. Greenstein earlier. In the mid-1980's, FNS aggressively moved to include rent payments paid for emergency housing as part of food stamp income. The Congress prohibited that inclusion, but the prohibition expired September 30. Right now, New York City and other localities throughout the country are facing the prospect of continuing to exclude these amounts of money and being sanctioned for failing to do so.

If they continue to exclude these amounts of money, the status quo is preserved, the families continue to receive the food stamp levels that they previously received. If, because there has been no extension, these provisions are no longer in effect, food stamps will be cut by the amounts that we pointed out. We would ask that Congress take urgent action to extend these provisions, lest families with children suffer the consequences of the failure to extend those provisions.

Second, and Mr. Espy alluded to this with respect to the West Virginia payments for the clothing allowance, Congress can and should clarify in the reauthorization that payments for special needs, nonnormal living expenses, are to be excluded from food stamp income. A case in point that particularly affects homeless families in New York is FNS' requirement that a special reimbursement for restaurant allowance be included in food stamp income.

New York State recognized that families living in hotel rooms, while they may be able to prepare cold meals in their room, are unable to have access to hot meals unless they eat in restaurants. Eating in restaurants is not a normal portion of the food stamp—of the public assistance grant. So an allowance in the amount of $3 per day for children or pregnant women and $2 for adults has been created in order to supplement for these emergency circumstances the special needs of these families. Yet FNS requires that these amounts be included. The result is that for every $3 special allowance, special-needs allowance for nonnormal expenses, that is provided to reimburse for the cost of eating in restaurants, $1 in food stamps are lost.

The result in West Virginia, of this same policy, is that for every $1 or every $3 of clothing allowance that is provided, $1 of food stamps is lost. The same thing will occur in California, where a special-needs allowance is provided to prevent homelessness and enable families to rent housing and that special-needs allowance is being included for food stamp income. So the family once again is caught in the circumstance of getting the special-needs allowance to enable them to rent housing and get out of emergency housing and at the same time suffering a loss in food stamps because of that special-needs allowance.

Third, the inadequacy of the thrifty food plan must be addressed. The thrifty food plan is ultimately the basis for the food stamp levels that are provided to families. In New York City, what this means is that the typical family that we work with in permanent housing, once you control for rent and utility costs, is left with approximately $3 in cash each day—a typical family of three, $3 in cash each day to meet their nonrent and nonutility needs and $5 in food stamps each day to meet their food needs. This is essentially a prescription for homelessness.

All of these families, because of the inadequacy of the food stamp allowance, are in essentially an eviction zone. Every month, they will make the choice between feeding their children or paying the rent and the utilities. Ultimately, the family borrows from Peter, proverbially, to pay Paul and eviction is what occurs, simply because of the inadequacies of the food stamp allowance.

Fourth, and finally, expedited food stamps are particularly important for homeless families. Current law permits a period of up to 5 days for issuance of expedited food stamps. While it is certainly better to have a 5-day limit than a longer limit, to tell a child and a family that they are going to have to wait 5 days potentially to get expedited food stamps when they are homeless and living in the type of circumstances that I previously described, is essentially to tell that family and that child that they will go hungry for up to 5 days before expedited food stamps will be issued.

In closing, we appreciate this opportunity to present some of the very serious problems that our clients suffer on a daily basis. We hope that these hearings and the recommendations that will come from them will ultimately address the problems that our clients suffer so that the day may come when there are no longer children that are hungry and homeless living in welfare hotels and barracks-style shelters.

Thank you.

[The prepared statement of Mr. Banks appears at the conclusion of this hearing.]

Mr. HATCHER. Thank you, Mr. Banks.

Ms. Ellis, I don't have any questions of you, but I thank you for your testimony and would like to say I do appreciate the outreach efforts of you and AARP. I think that is very significant and very important that you continue that.

Ms. Morris, I appreciate your testimony. I was interested to see that you focused almost exclusively on the rural poor. How did that happen to be?

Ms. MORRIS. Public Voice, since 1984, has been looking exclusively as a nutritionally at-risk group as the rural poor, that what we found has happened is that when we discuss the poor, we either group them as one large group or else we look at them in terms of women with children, homeless men, and we began to see that there are real different needs in rural communities versus urban communities.

And so, that is why we began to look at in-depth in the rural poor—at the rural poor.

Mr. HATCHER. I found your testimony very interesting. I was struck by your recommendation concerning increasing the vehicle asset limit to $5,500 from $4,500. That seems to be a rather modest proposal. I wonder if that is realistic or anywhere near adequate.

Ms. MORRIS. When we looked at it, we were looking at it as a—that it would not be a brand new vehicle, a truck, and we felt that $5,500 was a reasonable amount to expect the food stamp committee to put in as an increase.

Mr. HATCHER. I would like you to take another look at that because I personally think we need to take a look at the equity value, as opposed to fair-market value or a more significant increase from $4,500 than just $1,000, so if you would like to rethink that and communicate that to the subcommittee, we would be glad to hear from you if you do have a different conclusion.

Ms. MORRIS. We would be happy to do that.

Mr. HATCHER. Mr. Banks, you mentioned the expiration of a prohibition as of September 30 of this year. What is the significance of the expiration date and how does that fit in with the action FNS had already taken regarding West Virginia?

Mr. BANKS. The significance of the expiration date, I think, is to lump New York's problems in with those of West Virginia, which is to say that both of the instances—and in New York, by the way, it is not simply the expiration problem, but also the reimbursement for the restaurant allowance problem that affects our clients. But the significance is an increasing approach or an approach by FNS to consider special needs and emergency assistance payments as includable as food stamp income, even though they are for nonnormal living expenses. While the expiration issue is in some sense separate because the West Virginia problem and the California that I alluded to, as well as the restaurant allowance problem in New York, happened prior to the expiration of this provision, all four of those things—and those are but four examples, come within the context of the propensity to consider special needs or emergency assistance payments as food stamp income when clearly they are being provided not as Mr. Greenstein pointed out that Congress was concerned about in 1985, but they are being provided, not as a way around the normal public assistance grant structure, but as a way to address extraordinary nonnormal expenses.

Mr. **Hatcher**. Let me focus a moment not on New York, but on the two we heard about yesterday, which is the $100 for the school student given in the fall before school, and the dog food for the blind, which is just a horrendous example. But those who would take a national view would say, "Well, you really can't let West Virginia get away with that because every State would then want to go and do something similar, perhaps, and lower its other payments."

Do you have an answer to that? Is there a need for a national policy—does the need for not favoring one State over another in allowing somebody to do more for its citizens through such a third-party payment override the tendency or reaction to try to help those students in West Virginia?

Mr. **Banks**. I think that Ms. Celani's point is well taken from Vermont and I think it would pertain to New York as well, and that is that there are other States that would be interested in providing for special needs that are non-normal living expenses, but know that they cannot do so because it would have the effect of reducing the food stamp income of their citizens. So I don't think it is simply a question of saying should we do for West Virginia and the rest of the Nation will be left in the lurch?

I think it is a question of reconciling our AFDC policies with our food stamp policies and I think it is perfectly acceptable to have special-needs payments that are not part of the monthly allowance and certainly HHS has to approve what the State has put forward in their AFDC plans and there is a check on avoiding—on States avoiding taking out from their basic grant things which they are now trying to claim are special needs.

So I think that the short answer is there is a need for clothing allowance in a number of States and there is a need to ensure that moneys provided to households to purchase clothing for children don't result in the family having less money to purchase for food. Just as in California, the money that is provided to recipients to rent housing when they are homeless should not have the effect of leaving children without food in order for the family—or with reduced food stamp allowance in order to enable the family to rent new housing.

The New York situation plays into that, to leave a child and a family in a hotel room to suffer the consequences not only of living in the hotel room, but then to have their food stamps reduced on top of it is adding insult to injury on some level certainly.

Mr. **Hatcher**. Thank you.

Mr. Emerson.

Mr. **Emerson**. Thank you, Mr. Chairman.

Thank you, all, for your statements. I am addressing this to each of you and would like to have any of you who wish to comment.

I found that for the elderly folks, and I would suspect that this would also be true for the homeless and people in need of food assistance, that often the TEFAP and commodity distribution programs better serve their needs.

For a number of reasons, and I want to get into that in a little bit, the elderly don't wish to apply for or receive food stamps. There is just a logistical difficulty as it relates to the homeless. I am interested in your thoughts about TEFAP and commodity programs as it applies to your particular clientele.

I am not asking a question; I am really trying to evoke your comments.

Mr. BANKS. Part of the problem when one considers homeless families and what should be done with them, is the underlying notion that the family is in an emergency crisis, but the more that you remove the family from its normal functioning, eating and preparing meals at home, for example, and purchasing food in a normal way, the more the family becomes disrupted, the more family may become dysfunctional. The more that the child is removed from the normal points of existence on a day-to-day basis to create some security and nurturing and so forth, so to then consign the family to essentially a food-distribution point is to remove the family yet another step from normal existence and to further marginalize them.

What we found is that to the extent that the families are able to function in a normal living environment, for example, better emergency housing that has cooking facilities and so forth, the ability to purchase food in a normal way the family gets into permanent housing more quickly because they remain stable.

Mr. EMERSON. Good point. And on that point, let me interrupt you just for 1 minute. I think these welfare hotels are an absolute disgrace.

Mr. BANKS. I couldn't agree with you more.

Mr. EMERSON. Why don't we concentrate in the first place—and I think we need your help in this. I think we need to beat up on the city governments more to find adequate housing in the first place, rather than to rely upon these welfare hotel situations. I think it is an absolute menace in New York and—I am more familiar with it here because I have an opportunity to observe it better here in Washington, but I mean, these welfare hotel situations can't lend stability to anybody for any purpose.

I am told—I don't know what the numbers are, I understand there are literally thousands of unoccupied dwelling places in the District of Columbia that with a little upgrading would be very habitable places where people could live and, instead, we slug them away in welfare hotels. I mean, they are not getting the support or not experiencing the kind of environment that can lend itself to stability or to the rebuilding of the individual.

What is the status of cooperation with city governments or county governments on this welfare hotel issue?

Mr. BANKS. I think the problem is as follows: First of all, let me say that in New York City, we now have court orders which are hastening the city's emptying of the welfare hotels, but I don't think it is simply a question—despite having litigated for 7 years to obtain those court orders against the city—I don't think it is merely a question of beating up or focusing on local government.

Mr. **Emerson**. I mean by beating up in getting them to focus their attention.

Mr. **Banks**. I understand.

I think part of the problem is that the delivery of housing is a partnership between local government, State government and the Federal Government, and for the last 8 years, there have only been really two partners to what needs to be a three-party partnership, and the lack of the third partner at the table is exacerbating the problem everywhere. Again, the figures tell the story.

If you take a program that was funded at $30 billion and is slashed $7 billion and there are still questions about how much of the $7 billion actually got into the field, during that same time, the homeless family population in New York, for example, exploded from 800 families a night in 1981 to nearly 4,000 families tonight. There is a relationship between lack of Federal funding for housing and increases in homelessness.

The sad fact is that there is Federal money available to house families in welfare hotels, but not Federal money available in sufficient amounts to get them out.

Mr. **Emerson**. I am not going to disagree with that, but at the same time, cities are paying $1,000, $1,200 a month to put people in housing that is a disgrace. I don't think they are focusing their resources very well, either, when this is stop-gap—you have to have a place to put people. It is a very temporary basis, but when we are actually in the business of providing some housing for the long term, that welfare hotels should be any kind of a component of a program is just an absolute disgrace.

We represent the Federal Government, but I hope you are also dealing with city and county and State officials on that particular problem as well. I will agree with you that the Feds haven't been at the table on the program, at least adequately, and I hope Mr. Kemp will and I believe he is trying to address that situation. I think it is going to require all levels of government to adequately move us out of this syndrome that we have observed here with these welfare hotel situations.

Mr. Chairman, I see my time is expired. Could we take just a couple extra minutes?

Mr. **Hatcher**. Yes, sir.

Mr. **Emerson**. I didn't mean to cut you off. Did you have anything additional that you wanted to say on that particular issue?

Mr. **Banks**. I would only add that I certainly agree with what you are saying, that the focus on the Federal Government shouldn't, therefore, let the city and State off and we are——

Mr. **Emerson**. Because they are putting big dollars into it, too. Big dollars.

Mr. **Banks**. We appear in State and local forums as well but their excuse in the State and local forums is that it is the Federal fault and so we are in your forum today, and therefore——

Mr. **Emerson**. Remind them, though, that they are putting big bucks into this.

Mr. **Banks**. They also—were they here would say that the Federal Government is paying half of the cost. In the meantime—and certainly the issues that we have just discussed need to be addressed because, as I pointed out at the outset, the lack of Federal funding for housing is one of the reasons why we come to you today and say, "You've got families living in welfare hotels; don't reduce their food stamps."

Mr. **Emerson**. Right.

Mr. **Banks**. But in the short term, we ask you to take action not to do that and add insult to injury to the families living in those horrendous conditions.

Mr. **Emerson**. We can't solve the housing problem through food stamps, that is for sure. Sometimes I think we try and that is not right. You must have better coordination and cooperation among the different agencies of the Federal Government, as well as the different levels of government.

Mr. **Banks**. Certainly, which is why, in the short term, we need some relief from the Congress to ensure that our clients' food stamps aren't reduced by one-third to one-half as a result of inclusion of these extraordinarily large payments to hotels and shelters.

Mr. **Emerson**. I understand.

Ms. Ellis.

Ms. **Ellis**. Yes. TEFAP does not allow for a choice of nutritional foods. However, it helps those who fall through the gaps, but this is not the best solution for everyone.

Mr. **Emerson**. Ms. Morris.

Ms. **Morris**. I would just like to add, because I think the TEFAP is an important issue, that I really think when you look at TEFAP, you are looking at two different areas. One is the distribution of TEFAP program. It is superb, nobody would deny it. It gets into rural areas that food stamp programs just have not been able to do.

Much of it has to do with linking the local government or private organizations into regional and State. The problem—and I would like to reinforce that, as what Ms. Ellis pointed out—is that there is—it is meant only as a supplement. At most, it is delivered once a month, and in most States, it is quarterly.

The types of foods are not across all spectrum, so that for the rural poor who really need fruits and vegetables, you are not going to see fruits and vegetables in a TEFAP package.

In New York State—I know, I was involved when I was living up there—we use the TEFAP distribution system actually to do targeted outreach for the Food Stamp Program. Because it has—in every local community, it is usually run by someone in the local community, so it wasn't outsiders, which is important for rural communities, we use that to actually do food stamp outreach, to have people apply for food stamps and it was very effective. So I sort of look at the TEFAP in terms of an incredible distribution system—now, obviously, in order to maintain that, you have to somehow be running foods through that system.

Mr. **Emerson**. Sure.

Ms. **Morris**. Because once it just gets down to cornmeal and butter, you are going to see participation decrease, as I think you are already seeing with the lack of cheese. But I would never want to see one replace the other.

Mr. **Emerson**. Ms. Morris, your statement was excellent and I don't quarrel with the reasons that you gave at all for nonparticipation, but there was a factor that was left out there that I think is important and of which we must be cognizant. That is, that there are some people, particularly in rural areas, who simply don't want to participate. A reason for it is that often they are well below the poverty line, but a lack of food isn't the problem.

My district is a good example. I don't like to use anecdotes—you can prove or disprove anything by an anecdote, so just take this in the spirit in which it is intended. There was a report on hunger in rural America that indicated that some rural areas—you would think by the report that people were literally starving to death, and some of those counties happened to be in my district.

A major Missouri metropolitan paper went out and did a very thorough investigative report on the situation and what they found, yes, there were a lot of people below the poverty level, but that they—living as they did in the country, they had gardens; they canned, put up, as we say, put up the vegetables that were grown in the garden. In rural areas people very often have chickens or run cattle on a couple of acres that they may have and there are those factors. There is also a pride factor. Also, people hunt and fish a lot.

I am not suggesting this is what the lifestyle ought to be; I am saying it is what the lifestyle is. Maybe the problem for some of these people is they may need a better house. They may need indoor plumbing. They may need better transportation, but basic food and nutrition isn't their problem. Sometimes we point the finger and say, "Those people are hungry. They've got to be hungry because of where they fall into the poverty spectrum," when indeed, food isn't a component of their problem. It is a lot of other things.

Indeed, one of the people that was interviewed by that investigative reporter said, "Well, we have really got some problems, but being hungry and having enough food isn't one of them." I think that is particularly applicable in rural areas where we have access to a lifestyle that would be excluded in a metropolitan area.

Ms. **Morris**. I would like to disagree with that in that in our studies, when we actually looked at—and it was data coming from Health and Human Services—when we actually looked at nutrient intakes between the rural and urban, we found that there were, in fact, differences, that the rural poor fared worse in such vitamins as vitamin A and vitamin C, which are your fruits and vegetables, which should be the very foods that you would get from a homegrown garden.

When I have talked with—there is a national association on—it is like horticulture, and they look at the number of homegrown gardens and, in fact, they are finding that there has been a decrease, that people are losing the—from one generation to another—it is not being handed down any longer, that knowledge, so there aren't as many people canning foods, growing their own gardens.

One of the interesting things which we hopefully will be able to look at, that very issue because it clearly is an important issue—the USDA Decennial National Food Consumption Survey, which should be made available to the public hopefully later this year, actually has those very questions on it. Do you have your—do you grow your own vegetables for home consumption? Do you fish and hunt for your own home consumption? We can actually find that out.

Mr. EMERSON. Very good.

Ms. MORRIS. I think that those are clearly important issues and I think we all might be surprised that people in rural communities don't have the kinds of access we think they do to food.

Mr. EMERSON. Let me say, I am just too intimate with it to believe they don't have the access. My mother and stepfather have a garden every year. They raise 10 to 12 times more than what they can possibly consume and they give it around to anybody who will take it. Sometimes they can't even give it away in a very, very rural area.

Sometimes they literally cannot find people to give the extra tomatoes and cabbages to because everybody else has them. I mean, you go around and say, "Do you want some tomatoes?" they say, "My God, we got so many tomatoes of our own we can't eat all of them." That happens.

I think what you are saying—I understand what you are saying, but I think it may be more a matter of nutrition education than it is necessarily a lack of availability. I think this would be particularly true with children, maybe, that they just don't have a good diet. I think Charlie, being from a rural area, knows the importance of beans to the diet in a rural area. I mean you like to have the beans and the bacon and maybe we eat too much of that and not enough balance. I would take beans anytime over a dish of kale, yet I know kale is good for me.

Ms. MORRIS. So are beans.

Mr. EMERSON. Right, but that is just an example.

Thank you, all, very much.

Mr. HATCHER. Do you have a comment, Ms. Ellis?

Ms. ELLIS. Yes, I just wanted to say that AARP recognizes in their statement that some persons do not participate because of pride, but this reason is very small when you compare it to the lack of information, not knowing of eligibility, distance from the food stamp office and the administrative hassles.

Mr. HATCHER. Thank you very much.

Mr. EMERSON. Thank you.

Mr. HATCHER. The subcommittee will be in recess for approximately 10 minutes so that we can make this vote.

[Recess taken.]

Mr. HATCHER. The hearing will reconvene.

Our next and final panel for today—we have Mr. Dent Temples, who is senior vice president of Piggly Wiggly, Vidalia, Georgia, and he is testifying on behalf of the Food Marketing Institute, based here in Washington. Welcome to you, Dan, and Ms. Viann Hardy, deputy secretary for management systems with the Florida Department of Health and Rehabilitative Services, in Tallahassee. Feel like home folks here. One of you is just east of where I live and the other is just south. We would like to welcome both of you.

Who do you have with you, Mr. Temples?

STATEMENT OF DENT TEMPLES, SENIOR VICE PRESIDENT, PIGGLY WIGGLY SOUTHERN, INC./BRUNO'S, ON BEHALF OF THE FOOD MARKETING INSTITUTE, ACCOMPANIED BY HARDY NATHAN, DIRECTOR, GOVERNMENT RELATIONS, FOOD MARKETING INSTITUTE

Mr. **Temples**. Thank you, Mr. Chairman.

With me today is Hardy Nathan, director of government relations for Food Marketing Institute.

We are submitting a longer statement for the record, and in the sake of time, I will touch some of the highlights.

We recognize that you are in the process of deciding how approximately $15 billion is going to be spent annually in America's grocery stores. This accounts for approximately 4.5 percent of the grocery business in this country, so what you and your colleagues decide in this reauthorization process is of extreme importance to our industry.

We support the Food Stamp Program as the most efficient and effective way to combat hunger in America. We heartily agree with the comment that Senator Bob Dole made about the Food Stamp Program in 1987. He said,

> The Food Stamp Program is the most significant Federal social legislation since Social Security. It has more impact and does more good than any other program.

This is one of the reasons why we have been on record before your committee and the Senate Agriculture Committee as opposing the concept of cashing out the Food Stamp Program. Handing out cash does not guarantee the feeding of hungry children. Perhaps a solution is better targeting, but we believe that you should continue to use one of our greatest assets this country has and that is the food distribution system already in place.

During the past year, the past 8 years, a long list of proposals have been made that would have impacted directly on retailers, as well as our customers, both the food stamp customer and the non-food stamp customer. If they surface again, we will continue to oppose them and we thank you for your continued opposition.

For example, we asked that you reject a retail license fee imposed on retailers accepting food stamps and you did. We asked that you not make checkout clerks the policemen of the Food Stamp Program by requiring photo ID's at redemption and you agreed. We asked you not to change the definition of a retail food store and you did not. You refused to require that retailers be bonded and, on a more controversial issue, you decided not to reduce the type of food that could be purchased with food stamps due, in part, to the difficulty that administering such a program in the checkout lanes.

On a complex and difficult issue, we all agreed that while cash change creates problems, we were unable to fashion a better or simpler solution.

Our industry remains grateful to Congress for enacting legislation, only after the Department failed to act, that prohibited banks from charging retailers when we deposit properly bundled food stamp coupons. We strongly urge you to continue this prohibition in the new legislation.

Let me turn now, Mr. Chairman, to the area that has occupied and almost monopolized our attention for the past year or more.

Members of this subcommittee will recall that when you enacted the Food Stamp Amendments of 1982, you included a provision that allowed the Department of Agriculture to conduct demonstration projects using electronic benefits transfer to deliver food stamp benefits. You wisely included a provision exempting retailers for bearing the costs of any of the equipment associated with such projects. We urge you now to retain that provision in your new bill.

As you know, the first project undertaken was in Reading, Pennsylvania. Based on the general acceptance of that project, four more demonstrations were announced by the Food and Nutrition Service to begin this fall in small areas of Arizona, Minnesota, New Mexico, and Washington State.

To be blunt and honest, Mr. Chairman, retail and wholesale food distributors have been distressed at what we have witnessed since these demonstrations were announced about 1 year ago. None of them are yet operational and we are not convinced that they will be as things are now. We were sufficiently concerned at the outset that we asked Food Marketing Institute to put together a special task force on electronic benefits transfer to define for our industry and others what we thought the major issues to be.

We issued a position paper in April 1989. On July 19, 1989, FNS responded to each point. After examining this document, we focused on one critical issue and wrote to FNS again, and again they replied. I would like to ask, Mr. Chairman, that all four documents be made a part of the record and printed at the end of my remarks.

Mr. HATCHER. Without objection.

Mr. TEMPLES. The issue simply is must every checkout lane in a grocery store receive the electronic equipment to allow food stamp shoppers to use any checkout lane they wish, as is now the case with paper coupons or will they be limited to certain lanes which, of course, would have to be identified to the food stamp shopper? This is really the critical issue that we are addressing.

Our position is that every lane must be equipped. To do otherwise would identify and stigmatize food stamp shoppers, which we believe is not only illegal, but of equal concern, would force us to discriminate between classes of our customers. We simply cannot do that.

FNS has told us that it is not necessary to put equipment in every lane, but at the same time, they have also told us we must not discriminate against food stamp shoppers. What nobody has been able to help me with in my firm is to tell us, for over 1 year now, how to equip only some lanes without discriminating. How do you do it without posting signs that indicate, and no matter how artfully they may be worded or how small they may be, that all the poor people or all the food stamp shoppers have to check out here.

That, in effect, stigmatizes food stamp shoppers. The result will be that nonfood stamp shoppers may not want to be seen in these lanes and food stamp shoppers would be unduly embarrassed.

Thus, we have reached the conclusion that Congress must include a provision in the new law directing that electronic equipment must be installed in each lane of multilane stores.

Let me point out that after 1 year of controversy, the contractor in Minnesota and Washington offered to equip every lane in order to break the impasse with retailers. That was fine, but we don't believe that discrimination should be the subject of negotiation. It is wrong and it should not be permitted.

Now, some will argue that if every lane is to be equipped, the projects will be too expensive and not feasible. Therefore, they conclude that every lane should not be equipped. Our position is that if we must discriminate for these particular projects to be economically successful, then we ought not do these projects, but rather move on to develop systems together that are both economically sound for all concerned and also not discriminatory.

We certainly stand ready to cooperate fully in the development and implementation of such plans. In fact, if retailer input had been solicited at a much earlier stage of the present demonstrations, many of the past year's problems could have been avoided.

Mr. Chairman, I don't want to take the committee's time with a long list of still outstanding electronic benefits issues, but I would like to mention one more. Many retailers currently have or are planning commercial applications of electronic funds transfer. For example, in St. Louis, most grocery shoppers will soon be able to pay for their purchases with a bank debit card. This is a growing field, yet, in the demonstration areas, fee schedules have been announced that would make it virtually impossible for retailers to establish commercial electronic funds transfer projects or to add them onto electronic benefits transfer installations except by doing business with a contractor that has been selected by the State.

In other words, the State's contractor would have a virtual monopoly over all electronic activity that takes place, present or future, in the checkout lanes of the supermarkets of that State. This is so unacceptable to retailers that many of them have already said that they would drop out of the Food Stamp Program rather than agree to such a process creating such a monopoly.

We recognize that this is a commercial issue that ought to be settled in the marketplace, but the future participation in the program of many retailers may be in question, and that should be of concern to Congress.

We hope that in your report language, if not in the legislation itself, you ensure that the free and open competition retains its vitality in our industry. Please understand that these stakes are very high in this area.

Finally, Mr. Chairman, we all feel strongly that States should retain the administrative flexibility to develop electronics benefits transfer systems across program lines in keeping with the unique makeup of each State. But there must be certain standards that are common to all systems. They would cover, among other things, the kind of problems I have mentioned today. They would simply form the framework within which many different types of systems could work. We urge you to direct USDA to form an advisory group to develop such standards.

FNS should, of course, be included, but perhaps the Departments of Health and Human Service, as well as Treasury, should be, too. Food Marketing Institute would be pleased to put together a representative group of retailers and wholesalers to participate.

I am certain the vendor community—hardware, software, and systems companies—would fully participate. We recommend that no future projects be undertaken until the advisory group has reported and their recommendations acted upon.

If we have standards that represent everyone's best thinking, then future projects will certainly achieve their goals.

Mr. Chairman, Mr. Emerson, it has been a privilege to testify before you today and thank you very much. Mr. Nathan and I would be pleased to try to answer any questions.

[The prepared statement of Mr. Temples appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you very much, Mr. Temples.

Ms. Hardy, your entire statement will be made a part of the record and you are free to proceed as you wish in presenting it to us.

STATEMENT OF VIANN HARDY, DEPUTY SECRETARY, MANAGEMENT SYSTEMS, FLORIDA DEPARTMENT OF HEALTH AND REHABILITATIVE SERVICES

Ms. HARDY. Chairman Hatcher, Mr. Emerson, I am very pleased to have the opportunity to appear here today on the subject of automated systems for the Food Stamp Program. I currently serve as deputy secretary for the department of health and rehabilitative services in Florida, in charge of the management systems area. I am also chairperson of the American Association of Public Welfare Information Systems Management, which is an affiliate of the American Public Welfare Association.

In both capacities, I have been able to gain kind of a unique perspective on the design and implementation of automated welfare systems. The focus of my remarks today will be on a new automated welfare system that we are developing in the State of Florida, uniquely called the "FLORIDA System." It will be the first computer system of its kind in the Nation that fully integrates all of the welfare and child support enforcement programs once it is implemented in October 1991.

Approximately 900,000 of the State's 12 million residents receive some form of public assistance. Specifically, in the Food Stamp Program, the State of Florida had 255,000 households participating in State fiscal year 1989. That included 644,000 individuals and approximately $438.5 million in food stamp coupons.

From a programmatic standpoint, the newly designed FLORIDA System will represent a significant change to the delivery of services to the State's citizens. By the application of state-of-the-art technology, we will be able to respond to the growth and the changing needs of program recipients and to the mandates of State and Federal regulations.

I would like to briefly quote from a General Accounting study in February 1984, and I quote:

> Automated benefit eligibility and delivery systems reduce program costs in two ways: Administrative costs are reduced by improving the efficiency of the systems and benefit outlays are reduced by lessening the incidence of fraud or error. Savings are particularly high in the case of integrated eligibility systems.

The U.S. Congress, in Public Law 96-249 in 1980 did provide 75 percent enhanced funding for automated systems. Some efforts have been made recently to eliminate this enhanced Federal matching rate for automated public assistance systems in the interest of cost savings. However, elimination of enhanced funding for development of these systems will actually result in increased costs in both the State and Federal Government due to higher administrative costs because of the State's inability to automate manual processes. Let me explain.

Most recently, the mandates contained in the Family Support Act of 1988 virtually require integrated automated systems for AFDC and other public assistance programs. Currently, 44 States are receiving enhanced Federal financial participation for public assistance systems development, yet only 18 States are actually completed and certified at this point.

Major benefits have been demonstrated in Alaska and Wisconsin and are cited in my written statement.

The system being designed for Florida is going to integrate all program applications for Aid to Families with Dependent Children, food stamps, Medicaid, child support enforcement, Project Independence—Florida's JOBS program—and Refugee and Entrant Assistance into one single integrated system that replaces our current 14 manual and automated systems. The system will focus on the frontline caseworker through on-line information, eligibility calculations, tracking capabilities, and other time-saving features.

The Florida client registration module will serve both the public assistance intake process and the child support enforcement case initiation process. In this module, common screening and case number assignment requirements will be met, regardless of which program or service is requested by the applicant.

It will handle prior contact checks and the automatic appointment scheduling and will do the automated verification required, such as in the income eligibility verification. We have 34 different interfaces that will be automatically generated.

It will handle the identification and the handling of food stamp expedited services cases which are identified at the time of registration and receive immediate consideration. The system establishes expedited service deadlines which are tracked for reporting purposes. The system also tracks expedited service timeliness standards and notifies the workers of approaching deadlines. Computer-generated notices to clients are issued when decisions are made.

The FLORIDA System, with over 8,000 workstations statewide, will allow for automated same-day interview process that collects the information necessary to perform eligibility determinations and benefit calculations. This system will then generate and track benefits, update and redetermine benefits and eligibility, automate the client notices and provide alerts to the workers. No longer will the worker have to do this manually, as they do now.

The FLORIDA System does practice the outreach concept. During the registration process, every public assistance applicant will be screened for eligibility for an expedited interview for food stamps or emergency financial assistance for housing.

Those meeting the criteria will be seen that very day, with the goal of receiving program benefits the same day. Using information from a one-page "request for assistance" form, the interviewing clerk will enter the information for the entire household so that eventually an automated determination of potential benefits can be done for each household member.

With the information received from a prior contact check screen, staff can determine what other services household members have received, an ability which encourages and aids interprogram coordination and cooperation.

In addition to providing substantial benefits to the State and Federal agencies, the food stamp client will directly benefit from the new system. The client will experience the one-stop shopping concept. That is, the client will only have to see one worker to assist them with their problems, compared with the several workers we have today.

It eliminates the burden on both the client and the caseworker of collecting this information redundantly. Through one single interview, it will collect the information for 11 different program areas resulting in faster processing of applications due to on-line verification capabilities and less paperwork to complete.

Currently, a food stamp client waits 7 days on the average for an interview, whereas with the new system, we will be able to provide same-day service.

Automated notification to other services areas, such as JOBS and Child Support Enforcement, without involving the expenditure of additional time on the part of the client is another benefit. While we have the client there and the client is present and willing, child support enforcement will become immediately involved, as will our Project Independence JOBS program.

Services to clients will be conducted in a more efficient and timely manner. Currently, the average application process for a new client is approximately 1 hour and 30 minutes. With the new system, we will reduce that by 22 percent to 1 hour and more complicated transactions, such as recertification, will result in even greater time savings.

There are substantial cost savings to be realized with the implementation of the FLORIDA System. The development costs of the system are estimated to be $81.1 million, of which $62.6 million is the Federal share. However, savings are estimated to be $105 million after the first year of operation, and that is $105 million annually.

Substantial savings are expected to result through the reduction of error rates. Areas which contribute to these error rates are incorrect policy application, failure to follow up on inconsistent information, inadequate or untimely verification of data, and client failure to report accurate information.

Currently, in the Florida Food Stamp Program, the combined under and overissuance error rate in Florida is 9.3 percent. With the implementation of the FLORIDA System, the error rate should be reduced to 5 percent. This translates into substantial dollar savings in the Food Stamp Program alone of $18 million per year.

Additionally, there will be staff cost avoidances due to the system. There will be time savings in the eligibility process in public assistance, Medicaid, and specifically in the Food Stamp Program. We are estimating 262 person years of savings from implementation of the system and this translates into $32.7 million in salaries, fringe benefits, and expenses.

An important issue that has been discussed here which States face who are in the process of designing these systems, is the integration of title IV-A systems. Currently, eligibility standards make integration difficult, which has led to the present fragmentation of automated systems across program lines.

The FLORIDA System minimizes the problems associated with workers remembering multiple program policies. The system design includes the multiple program policy knowledge and then the system makes a lot of policy decisions for the workers, determining assistance groups, computing eligibility, and benefit levels.

However, automation does not alleviate the need for conformity across programs. Workers still must be able to understand the program policy in order to explain it to the clients. The programs count resources such as vehicles differently, making a client eligible for services in one program and not in the other and the worker has to be able to understand that policy in order to be able to explain it.

I have four recommendations in conclusion. First, is that I would urge Congress to encourage reform to allow integration of systems across programmatic lines in order to provide better services to our clients.

Second, I would recommend that Congress facilitate the continuation of the enhanced Federal funding for automated systems. The Family Support Act of 1988 placed emphasis on the need for integrated systems in order to enable clients to gain self-sufficiency through JOBS programs, child support enforcement, and medical assistance.

Although many States have integrated public assistance and food stamp automated systems, Florida will be one of the first to fully integrate the other components. Thus, enhanced automated funding is needed to encourage States to quickly implement these integrated systems in order to facilitate self-sufficiency.

Without these, enhanced funding potential cost savings cannot be realized.

Third, I would like to recommend the elimination of the Advanced Planning Document, APD, Federal approval process on regular match systems. The time and expense that goes into this process at both the State and the Federal level detracts from the energy and the emphasis that we should be placing on the development of these integrated automated systems and causes the needless paperwork burden.

Fourth, I recommend the addition of incentives to States to encourage expeditious development of integrated systems by providing enhanced Federal financial participation for operation of the automated systems once implemented. Incentives similar to these are in place right now for title IV-A AFDC systems and title IV-D, child support enforcement.

Similarly, the ability to expense, rather than depreciate expensive data processing equipment would encourage States to step up their automation efforts.

That concludes my statements and I thank you.

[The prepared statement of Ms. Hardy appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you, ma'am.

Mr. Emerson, do you have some questions?

Mr. EMERSON. I really don't have any questions. You anticipated all of my questions. I would have to say, Ms. Hardy, your statement is exciting. It is not only exciting, it is very construction.

I was going to ask you, based on your experience, to make some recommendations to us and you have already done that, so I can't even ask that question. Your statement has been most helpful and I think we need to look at what you have said very, very carefully and take some good lessons from the experience that you have had that I think are going to be very useful to us in looking at the subject area that you discussed.

Thank you.

Ms. HARDY. Thank you.

Mr. EMERSON. I suppose I would like to ask a philosophical question of all of you. From time to time, we get inquiries about the need to constrain and restrict the Food Stamp Program only to nutritional foods and I wonder, Mr. Temples, do you, in particular, have any comment on that?

Mr. TEMPLES. Mr. Emerson, I guess the first thing that pops into my mind is that—one, is the definition of nutritional foods, for there is some nutrition in all foods, and second, I had a very difficult time when I had young children getting them to eat spinach when they would rather eat something else.

While the objective of the program would be that you would hope the most nutritious foods would be purchased, in the real world out there, people tend to buy what they like to eat, and with children, I don't know if we can force that issue, nor can we at the checkout counter of a store be—with the number of customer transactions we have—be a policeman, really, for policing nutrition versus nonnutrition.

That is a difficult answer.

Mr. EMERSON. Very.

Mr. TEMPLES. I agree with you in philosophy, whereas in reality and implementation at the checkout counter, I scratch my head and wonder how we might approach it.

Mr. EMERSON. I didn't mean to be suggesting a philosophy one way or the other.

Mr. TEMPLES. No, sir.

Mr. EMERSON. I was really asking you for your comment.

We get that question and I agree with you that it is very difficult to police the subject.

Mr. TEMPLES. Mr. Emerson, many years ago, when Roy Ash was the Director of OMB, our firm was asked, down in Mr. Hatcher's area—at that time, he was not a Congressman—to take a look at what food stamp recipients were really buying. I was freshly out of the stores and went down and I bagged groceries and looked. The horror stories that you heard then were not there. I think the food stamp customers that I saw shopped, in general, with more intelligence than people gave them credit for.

Mr. EMERSON. Do you think that is still true?

Mr. Temples. It has been a while since I have looked, but yes, sir. I can prove with—as you mentioned earlier, with an anecdote—I can prove either position. But I would suggest that you may sometime take time yourself and look. But I was—from time to time, I look at what people buy and I don't see T-bone steaks going out to Cadillacs with people with food stamps. I don't believe that happens very often.

Mr. Emerson. I am one who grew up in a grocery store and still like to frequent grocery stores. My first job was as a stockboy in a grocery store and I like to keep track of the developments in the grocery business. They certainly have changed very dramatically since I was a boy.

It is interesting, I probably do get more specific complaints, anecdotal in nature, about what is wrong with food stamps from checkout people.

Mr. Temples. Yes, sir.

Mr. Emerson. They see something going on that they think is improper and they tell me about it. It is all anecdotal. One incident out of 1,000 is going to stick in somebody's mind if there is an impropriety of some sort.

Thank you.

Mr. Hatcher. Another thing you hear, I am sure, as I do, which is anecdotal, I guess, is that a food stamp person ahead of me could buy the best cuts of meat and I had to stick with what was left.

Mr. Emerson. Right, yes, you always hear that.

Mr. Hatcher. It has probably been a long time, Mr. Temples, since you bagged groceries on any regular basis, hasn't it?

Mr. Temples. Yes, sir. But I still do.

Mr. Hatcher. We still value your judgment on that.

Mr. Emerson and I, I know, have been briefed by Mr. Nathan about the difficulty with electronic benefits transfer as far as equipment and so forth and we appreciated that opportunity to learn FMI's position some months ago and we will continue to work to try to find answers to the EBT problems that you pinpointed today.

Mr. Temples. Thank you.

Mr. Hatcher. Thank you all for being here and for your testimony.

That concludes the hearing.

[Whereupon, at 12:40 p.m., the subcommittee was adjourned, to reconvene subject to the call of the Chair.]

[Material submitted for inclusion in the record follows:]

TESTIMONY OF ROBERT GREENSTEIN
DIRECTOR, CENTER ON BUDGET AND POLICY PRIORITIES
before the
SUBCOMMITTEE ON DOMESTIC MARKETING, CONSUMER RELATIONS AND NUTRITION
# of the
HOUSE COMMITTEE ON AGRICULTURE

November 1, 1989

I appreciate the opportunity to appear before the Subcommittee today. I am Robert Greenstein, director of the Center on Budget and Policy Priorities here in Washington, D.C. The Center is a non-profit organization that conducts research and analysis on a range of public policy issues affecting low income families and individuals and that has an emphasis on issues relating to hunger, poverty, and domestic food assistance programs. The Center's work is funded primarily by foundations.

Prior to starting the Center, I served in USDA as Administrator of the Food and Nutrition Service in 1979 and 1980 and as Special Assistant to Secretary Bergland for food and nutrition issues in 1977 and 1978.

In my testimony today, I would like to discuss issues relating to the food stamp program, which comes up for reauthorization next year.

The Status of Hunger and Poverty in the U.S.

Unfortunately, hunger and poverty remain at unusually high levels in our country. In 1988, the sixth year of an economic recovery, the poverty rate was higher than in any year of the 1970s -- including the worst recession years of that decade. Although the national unemployment rate in 1988 was at about the same level as in 1979, the poverty rate was considerably higher in 1988 -- and nearly six million more Americans were poor.

Moreover, as a new Census Bureau study shows, those who are poor have grown poorer in recent years. The amount by which the income of the average poor family falls below the poverty line was greater in 1988 than in any year since 1960, after adjustment for inflation. The proportion of the poor who fall into the group that might be termed the "poorest of the poor" -- those with incomes below *half* the poverty line (or less than $4,718 for a family of three in 1988) -- was at its highest level in at least 15 years.

The rise in poverty rates among children is particularly disturbing. One of every five children now lives in poverty; among minority children, poverty rates are at least twice this high.

In addition, the numbers of both white children and black children who fall into the ranks of the "poorest of the poor" -- i.e., who fall below *half* of the poverty line -- have jumped more than 50 percent since the late 1970s.

It should also be noted that despite the frequent media focus on the inner city, poverty has grown as fast or faster in rural as in urban areas -- and is now substantially higher in rural areas. In 1988, nearly one of every six Americans living in nonmetropolitan areas was poor, according to the Census data. About one in eight residents of metropolitan areas was poor.

Poverty rates are nearly as high in the nation's rural areas as they are in the central cities. Some 16 percent of all residents of nonmetropolitan areas in the U.S. were poor in 1988. Some 18.3 percent of all residents of the nation's central cities were poor. Among whites, poverty rates are as high in nonmetropolitan areas as in the central cities. Among blacks and Hispanics, poverty rates are *higher* in nonmetropolitan areas than in the central cities.

Not surprisingly, this increase in poverty has been accompanied by an increase in hunger. Surveys of soup kitchens and emergency food pantries continue to show increases in need.

It may seem surprising, at first blush, that these surveys have continued to provide indications of increasing levels of hunger in recent years, despite economic recovery and some reduction in poverty rates since the recessions of the early 1980s. But, here, another critical factor has come into play -- the impact of soaring housing costs borne by the poor.

New data released earlier this year by the Census Bureau and HUD show that in 1985, *some 45 percent of all poor renters in the U.S. were spending at least 70 percent of their income for housing costs* (including rent and utilities). Two-thirds of all poor renters were spending at least half of their income for housing. And 85 percent of the poor renters were paying more than 30 percent of income for housing -- or more than the maximum amount considered affordable for these households under federal standards established during the Reagan Administration. (The data show that poor *homeowners* bear high housing cost burdens as well -- with about one-third paying at least 70 percent of income for housing and three-fourths paying at least 30 percent of income.)

The housing cost burdens of the poor have climbed quite sharply in recent years; the number of poor households has mushroomed at the same time that the number of low rent housing units has substantially declined. The result, documented in the Census data, is an acute shortage of low rent housing. Furthermore, since the demand for low rent housing now far exceeds the supply, increases in rental costs have generally been more rapid in low income communities than in non-poor areas.

These high housing cost burdens have a major impact on poor households in urban and rural areas alike. For example, the new housing data show that 79 percent of all poor renter households in nonmetropolitan areas of the U.S. paid at least 30 percent of their incomes for housing costs in 1985, or more than the maximum amount considered affordable under the HUD standards. More than half of the poor renters in nonmetro areas (and over one third of the poor nonmetro homeowners) paid at least 50 percent of their incomes in housing. (Moreover, the rural poor receive lower quality housing for their money than the urban poor do. The incidence of substandard housing is greater in rural than in urban areas. Nearly one in every four poor households in nonmetro areas lived in substandard housing in 1985, according to the Census data.)

Meanwhile, Federal low income housing assistance reaches only a modest fraction of these households. In 1988, only 29 percent of all poor renter households in the country received federal, state, or local housing assistance. Unlike Medicaid, food stamps, SSI, or AFDC, low income housing assistance is provided on a discretionary rather than on an entitlement basis. In many areas, poor households languish on waiting lists for years before they can receive housing assistance.

As a result of these developments, an increasing number of poor households find it difficult if not impossible to pay the rent and utility bills and still have enough resources left over -- including food stamps -- to buy sufficient food to last through the month. Since rent and utility bills are fixed, purchases for food constitutes one of the first items that gets squeezed.

If rent or utility bills are missed instead, as can occur, this can lead to shut-offs and evictions -- and in some cases to homelessness. In short, the new housing cost data show quite clearly that large numbers of poor households are averting homelessness only by paying extraordinarily high proportions of their limited incomes for housing, which in turn makes it very difficult for them to buy enough food to get an adequate diet at the same time.

Looking Toward the New Farm Bill: What To Do?

Last year the Congress -- and this Subcommittee -- took some steps to address the growth of hunger in the U.S. by passing the Hunger Prevention Act of 1988. The Subcommittee is very much to be commended for this action.

Important as this legislation is, however, it cannot be realistically expected that the Hunger Prevention Act will result in a substantial diminution of these problems. The main purpose of the Hunger Prevention Act was to prevent matters from getting worse as a result of the disappearance of most of the surplus commodities that had been distributed to poor households in prior years through the Temporary Emergency Food Assistance Program (TEFAP). The principal provision of the Act was a modest upward adjustment in food stamp benefits of $2 to $3 per person per month to help cushion the effect of the drying up of most of the TEFAP program, as USDA's once-large surplus stocks dwindled.

Moreover, even with the provisions of the Hunger Relief Act, food stamp assistance remains lower, in inflation-adjusted terms, than it was in FY 1981. Food stamp participation has also declined. In 1988, there were 2.4 million more people living below the poverty line than in 1980, but there were 1.1 million fewer people receiving food stamps in an average month. A study issued last fall by USDA provides further evidence of a decline in food stamp participation rates. It indicates that of all poor people who are eligible for food stamps, the percentage actually receiving food stamps dropped between 1980 and 1987.

To help address the very serious hunger problems our nation continues to face, I would urge the Subcommittee to consider further action next year. I recognize that such action will require resources, that reducing the deficit is essential to our nation's future economic health, and that, in any event, next year's budget resolution (and any new Congressional-White House budget agreement that may emerge) will have much to say about whether such resources will be made available to the Committee on Agriculture. I believe, however, that getting our fiscal house in order involves a reordering of priorities along with reducing the deficit -- and that one of the leading priorities should be efforts to ease poverty and hunger, especially among the nation's children.

I would also note that Census data released just two weeks ago show that the gap between rich and poor families in the U.S. has now reached its widest point in more than 40 years. In addition, studies by the Congressional Budget Office, based on Census data, have found that from 1979 to 1987, the average income of the wealthiest fifth of families with children rose 11 percent (or more than $7,000 a year, after adjusting for inflation), while the average income of the poorest fifth of U.S. families with children plunged 21 percent, after adjustment for inflation.

I believe one of our top national priorities should be to seek to assist the impoverished children in these families -- both by easing their destitution and by increasing the chances that they and their families will be able to achieve self-sufficiency and earn enough to lift themselves out of poverty.

The Role of the Food Stamp Program

In this vein, I would like to suggest consideration of several changes in the food stamp program as part of next year's reauthorization process.

1. *Helping poor families and children avoid having to choose between paying the rent and getting enough to eat.*

I would urge that consideration be given to modifying the manner in which the food stamp program treats housing costs when food stamp benefit levels are determined. In theory, the food stamp benefit structure is supposed to ensure that poor households have enough resources -- including their food stamps -- to purchase a low cost but nutritionally adequate diet, after they meet the cost of other necessities such as paying the rent. This goal is supposed to be achieved by providing a deduction from household income (when food stamp benefit levels are computed) for "excess shelter costs." Excess shelter costs are defined as housing costs that exceed 50 percent of a household's net income.

The problem is that for households that are not elderly or disabled, the shelter deduction is limited to $177 a month -- even if a household's excess shelter costs are greater than this. While elderly and disabled households are allowed to deduct the full amount of their excess shelter costs, other households -- principally families with children -- are not. This means that the very families that face the most severe housing cost burdens -- families that do not receive any HUD housing aid and that pay extremely high proportions of their income for housing -- are the families that are not permitted to deduct the full amount of their excess shelter costs. (By definition, families with lower housing cost burdens and a smaller amount of excess shelter costs get to deduct their costs in full.) Under the current food stamp benefit structure, families with very high shelter costs are thus *assumed to have money available for food that actually must go to pay the rent* -- and as a direct result, their food stamp benefits are set at unrealistically low levels. In short, the current food stamp benefit structure effectively compels some of these families to choose between paying the rent and utility bills and feeding their families adequately throughout the month.

It is inequitable that families with children should be denied the right to deduct their excess shelter costs in full when such a right is provided to the elderly and disabled. The Census housing data show that the housing cost burdens of poor families with childre are generally more severe than those of the elderly poor, because many of the elderly poor own their homes and have long since paid off their mortgages.

The current structure of the food stamp shelter deduction dates from the Food Stamp Act of 1977. At the time that Act was passed, it appeared that a ceiling could be placed on the shelter deduction without causing widespread hardship. (There was no ceiling on the deduction prior to the 1977 Act.) But what no one could know in 1977 was that the low income housing market would change radically over the next decade. In 1978, the number of low-rent housing units (defined as units renting for no more than $250 a month, as measured in 1985 dollars) *exceeded* the number of households with incomes below $10,000 a year. By contrast, in 1985, there were *3.7 million fewer low rent units* than there were households below $10,000, a sharp reversal of the conditions that prevailed only seven years earlier. The result has been a stunning increase in the housing cost burdens of poor households.

I have heard it said that while all this is unfortunate, it is an issue that should be addressed through housing programs, and not through the food stamp program. To deny that the food stamp program has an important and necessary role here is shortsighted, however. Federal housing programs are not entitlements; as noted, only 29 percent of all poor renter households receive federal, state, or local housing aid. To make low income housing assistance an entitlement and assist more of these households would cost *more* *than $15 billion a year.* It simply is not realistic to expect the housing programs to tackle these problems fully in the foreseeable future.

As a result, it is essential that we attempt to assure that those families which bear housing costs that consume most of their incomes should not have to choose between paying the rent bill and missing meals -- between hunger and, in some cases, homelessness. For about $400 - 450 million, this serious flaw in the food stamp benefit structure can be remedied -- so that food stamp benefits are more adequate for those burdened by severe housing costs, and so that poor families with children are treated in the same manner as elderly and disabled households when food stamp benefit levels are determined. (I would note that this change would not make any household eligible for food stamps that is not eligible under current law; what it would do is assure that some very poor households now on the program who bear especially high housing cost burdens received a more adequate level of food stamp support.)

2. *Eliminating Disincentives for Poor Youth to Get Education*

Another anomaly in the food stamp benefit structure involves its treatment of students from poor families who attend college. Those who attend college have a far greater likelihood of escaping poverty and becoming self-sufficient than those who do not. Yet while a drop-out or a high school graduate who does not attend college may be eligible for food stamps (if his or her household has sufficiently low income and assets), a poor student who does go on to college is automatically disqualified from the food stamp program simply as a result of college attendance (unless the student works at least half-time or in a work-study program, is the parent responsible for the care of a young child, or is handicapped).

The principal purpose of the provision restricting student eligibility is eminently worthy of support -- it was to ensure that students from middle income families who are living away from home do not declare themselves independent, claim poverty, and receive food stamp benefits. But the provision is so sweeping that it also disqualifies students who are legitimately poor and who live, together with their parents and siblings, as part of a family that is poor. Moreover, this provision of the law can be particularly troublesome in areas where a sufficient number of half-time jobs for students are not available, and students seek but are unable to find such jobs. This can occur, for example, in rural areas (with community colleges) in which job opportunities are limited.

This provision of law, in its current form, also represents unwise social policy. A growing number of Americans are finding that a high school diploma is no longer sufficient to enable them to find a job paying enough to keep their household out of poverty. Census data tell us that since the late 1970s, the poverty rate among heads of household with a high school diploma but no college education has risen sharply -- and is now *more than double* the rate for household heads with one or more years of college. This is true in both rural and urban areas. In fact, in just the nine years from 1978 to 1987, the poverty rate in rural areas for household heads with a high school diploma, but no college education, jumped by two-thirds. Moreover, among black household heads and household heads in rural areas, poverty rates have actually risen *faster* since 1978 among high school graduates (without any college education) than among drop-outs lacking a high school diploma.*

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*These data are for household heads aged 25 and over.

In short, our increasing technological economy is demanding higher levels of education and skills, and in many cases, a high school diploma no longer suffices. Poverty rates continue to remain low among those with college education, at the same time that they have been climbing sharply among high school graduates. It is increasingly apparent that college is one of the best routes out of poverty for those low income youth striving to achieve self sufficiency. We should seek to encourage, not to discourage, these youth to pursue their education.

Accordingly, we should not penalize poor youth who attend college by taking away their food stamps and lowering the benefits provided to their families. Legislation passed by the House Agriculture Committee and the full House of Representatives in 1987 (but not acted upon by the Senate) would remedy this problem. The legislation, authored by Rep. Leon Panetta, would provide that if a student who is poor lives with parents or guardians as part of a poor family, the student should not be disqualified from food stamps simply because he or she is in college. I would urge the Subcommittee to revisit this issue next year. The food stamp program should not be in the position of discouraging students who are poor from continuing their education -- or of reducing the benefits provided to a student's family if the student stays in college rather than dropping out.

Moreover, the food stamp act now contains a basic contradiction. The food stamp employment and training program makes pursuit of post-secondary education an allowable employment and training activity, as does the welfare reform law that was enacted last year. Thus, an individual who enrolls in post-secondary education through the food stamp employment and training program or a welfare-to-work program may continue to receive food stamps -- while an individual who is already in post-secondary education or who enrolls in such an educational institution on his or her own is rendered ineligible for food stamp assistance.

3. *Improving incentives for child support*

One major cause of poverty among children is the low level of child support provided by many absent fathers. In 1985, only 61 percent of the mothers of children whose fathers were absent were covered by child support awards. And of those who had such awards and were supposed to receive child support payments, more than half either received no payments or received less than the amount owed.

These statistics apply to *all* children, regardless of income level. For poor children, the picture is considerably more grim. For example, in 1987, child support payments were received for only 14 percent -- or just one in seven -- of the families with children on AFDC.

The welfare reform legislation passed last year placed considerable emphasis on strengthening child support collections, especially for children on AFDC. Increased collections hold the promise not only of alleviating child poverty, but also of reducing need for and dependence on AFDC (and consequently of reducing government costs).

Unfortunately, however, a significant inconsistency between the AFDC program and the food stamp program now serves to hinder efforts to boost child support collections for children currently on AFDC. While this Committee and the House acted to remedy this issue in 1987, the Senate did not act upon it. This issue, too, needs to be revisited next year.

One key to tracking down the absent fathers of children on AFDC -- so that child support payments can begin to be extracted from them -- is often the efforts of the mother in helping authorities to locate and track down the father. Such efforts on the part of the mother can be emotionally wrenching, and at times, can even carry an element of danger for the mother.

Not too long ago, the welfare system effectively discouraged the mother from cooperating in these efforts. For each dollar collected from the absent father in child support payments, the mother's AFDC grant was reduced one full dollar. As a result, the mother and her children gained nothing from these efforts.

Five years ago, as policymakers began to give far greater attention to the need to increase child support collections, Congress altered this aspect of the welfare system. The House Ways and Means and Senate Finance Committees concluded that a mother on AFDC should be allowed to keep $50 a month in child support collections as an incentive for her to help track down the absent father. Otherwise, an AFDC mother who helped track down the father (and thereby saved money for the taxpayer) would be no better off than an AFDC mother who did not help.

What the Ways and Means and Finance Committees did not consider, however, is that the food stamp benefit structure partially undermines the incentive provision they wrote into the AFDC statute. Under the food stamp program, the $50 in child support which the mother is allowed to keep is counted against her food stamps -- and her food stamp benefits are reduced as a result. As a consequence, the overall net gain to the mother for helping to track down the absent father is reduced to between $27.50 and $35 a month.

Moreover, an element of complexity and a potential source of error is added into the welfare system. Caseworkers have to remember to disregard the $50 when computing AFDC benefits but to count it when computing food stamp benefits.

The wise policy would be to make the food stamp program consistent with AFDC and to disregard the $50 for both AFDC and food stamps for households that participate in both programs. This would significantly boost the incentive for welfare mothers to help track down absent fathers and should lead to more child support collections.

In 1987, Rep. Panetta placed such a provision in food stamp welfare reform legislation that was approved by the Agriculture Committee and the full House. Initially, in the welfare reform conference last summer, House and Senate negotiators from the House Ways and Means and Senate Finance Committees agreed to include the provision in the final welfare reform bill. However, at the end of their deliberations these committees found themselves to be over their spending limit. Several provisions, including this food stamp provision, were dropped as a result; the food stamp provision was one of the last provisions to be dropped in the welfare reform conference. Hopefully, it can be reconsidered next year.

4. *Asset Limitations*

Another area meriting examination is the limit placed on the value of automobiles that food stamp households may own. The current limit is the same limit written into the Act in 1977. It has not been changed since. Yet from 1977 to the present, the Consumer Price Index for used cars has risen 120 percent.

In 1984, President Reagan's Task Force on Food Assistance noted that the limit had not been modified since 1977 and recommended a modest upward adjustment. The Task Force said that the lack of any adjustment in the limit was resulting in denial of benefits to some legitimately needy households, such as unemployed households who had purchased a modest car while they were working.

In 1985, this Committee did approve an adjustment in the limit, but this was dropped in conference with the Senate. (In 1988, an adjustment was passed by the Senate but dropped in conference with the House.) By the time of next year's farm bill, another five years will have passed -- and as a consequence, the limit is now significantly more stringent than it was at that point.

I would also note that the food stamp automobile limit is a "market value" limit rather than an "equity" limit, meaning that a household can be disqualified for food stamps even if it has little equity in its car and would get little for selling it.

Finally, the current food stamp rules in this area conflict with the goals of fostering self-sufficiency. Consider the case of a family in which the breadwinner has been laid off, and the family is thrust into poverty as a result. The family may be unable to afford an adequate diet without the aid of food stamps, but may fail to qualify because the market value of its car puts it modestly over the assets limit. Forcing the family to sell its car will make food stamps available -- but may make it more difficult for the family's breadwinner to search for and find a job. This is particularly true in many rural areas, where a car may be essential to finding and retaining employment.

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Thus, the current food stamp rules regarding students who pursue an education, mothers who help to track down and collect child support from absent fathers, and the vehicle limits all work counter to the goals of promoting self-sufficiency and individual responsibility.

5. *Basic Benefit Levels*

Another area I hope the Subcommittee will examine concerns the basic benefit levels in the food stamp program. Program benefits for any fiscal year are based on the cost of USDA's thrifty food plan in June of the previous fiscal year. Benefits for households with no net income will, starting in FY 1991, be set at 103 percent of the cost of the thrifty food plan in the preceding June.

Use of the thrifty food plan as a basis for setting food stamp benefits has long been a source of controversy. USDA food consumption surveys show that fewer than one in every six households that has food expenditures equal in cost to the full value of the thrifty food plan manages to obtain the Recommended Daily Allowances for the basic nutrients.

It is not my purpose here to discuss whether the thrifty food plan is the appropriate standard to use in setting food stamp benefits. I recognize that basing food stamp benefits on USDA's next lowest cost food plan, the Low Cost Food Plan, would add about $4 billion a year in program outlays and is not feasible given budget constraints.

But if we are going to base food stamp benefits on the cost of the thrifty food plan, we should be sure that the benefits do at least equal the thrifty food plan's actual cost. This we do not currently do. Because benefits are based on the cost of the thrifty plan in June of the *prior* fiscal year, the benefits usually fall *below* the current cost of the thrifty plan.

The action which Congress took last year in raising food stamp benefits to 103 percent of the cost of the thrifty plan helped to address this matter, but did not fully do the job. An historical analysis shows that, on average, the cost of the thrifty food plan in a given month exceeds the plan's cost in June of the previous fiscal year by a bit more than three percent. I believe the food stamp benefit standard should be adjusted accordingly so that food stamp benefits are more likely to afford food stamp households an opportunity to purchase the foods in the thrifty plan.

6. *Pro-rating Benefits for Households Being Recertified*

A final policy reform I would like to discuss today involves the treatment of households that are being recertified for the food stamp program. The General Accounting Office has recently reported that one food stamp rule affecting such households can cause hardship and should probably be changed.

Prior to 1981, households applying for food stamps received benefits retroactive to the first day of the month of application. Hence, a household applying on November 20 received benefits back to November 1.

In 1981, the Reagan Administration proposed changing this policy, and Congress agreed. Benefits were to be provided from the date of application, not the first day of the month of application.

In proposing this change in 1981, the Administration specifically recommended that it should apply to new applications -- but *not* to households already on the program who were being "recertified" for food stamps. There was a strong policy reason for this distinction.

If a household applies for food stamps on November 20, the reason it did not apply earlier in the month may be that the household did not need food stamps earlier in the month. The household's breadwinner might have been laid off November 10 or 15, rather than on November 1.

By contrast, a poor household that is certified to receive food stamps for a period of time (such as six months) and whose certification period ends on October 31 might be in continuous need of food stamps, but not understand that its certification period had ended and that it consequently needs to go to the food stamp office to be recertified. The Reagan Administration's 1981 proposal specified that if a household already on food stamps came in to be recertified within 30 days of the end of its prior certification period -- and if the household was found still to be eligible -- it would receive a full month's benefits, in recognition of the fact that there had been no interruption of need.

This approach was adopted by Congress in 1981. However, in 1982, when the Senate Agriculture Committee was a little bit short of its budget target, it extended the requirement to pro-rate food stamp benefits so that this rule also applied at recertification. Under the 1982 provision (which the House accepted in conference), a food stamp household which has a certification period ending on October 30 -- but which does not realize its certification is expiring until its benefits for the next month fail to arrive, and which consequently does not reapply until November 15 -- loses half a month of benefits.*

In a report issued in June 1989, the GAO found that this rule was causing hardship and encouraged Congress to consider modifying the pro-rating provisions in a manner identical to what Congress approved in 1981. The provision can cause hardship in such circumstances as when an elderly or handicapped person -- or a person with limited literacy skills or other problems -- does not understand a bureaucratic notice telling it that

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*It should be noted that the fact that half a month has gone by does not mean such a household no longer has a need for a full month's allotment. Most households are expected to spend a portion of their own incomes on food, with their funds being supplemented by the food stamp benefit. If a household does not receive its food stamp benefit until the month is half gone, it may have compensated in the interim by spending -- during the first half of the month -- all or nearly all of the cash income it has available for food *for the entire month*. Hence, the household would need its full monthly food stamp benefits to enable it to purchase an adequate diet for the remainder of the month.

its food stamp certification period is expiring and it needs to submit a new application to remain on the program. In a number of such cases, the household may not understand what has happened until a number of days go by after the time of the month its food stamps or food stamp authorization card normally arrives in the mail. In addition, a household may reapply late because it has been sick; GAO found several such cases in its survey. It would be a humane act on the part of the Subcommittee to reexamine this issue -- and to consider ***retaining*** the pro-ration of benefits at initial application (which has saved about $500 million a year since being passed in 1981) while *ending* the pro-ration of benefits at recertification (which saves a much smaller amount, about $15 million a year). Some hunger and hardship would be eliminated as a result.

7. *Improving the Operation of the Food Stamp Program in Rural Areas*

Finally, measures should be taken to make the food stamp program more accessible to the rural poor. The Subcommittee conducted a hearing on this subject in May, and I will not cover this issue again here. It is, however, of considerable significance, and I hope that we will see some improvements in this area reflected in next year's farm bill.

I would note that the food stamp program is quite important to rural America. A study issued by the Census Bureau this spring shows that during the 32-month period covered by the study, nearly *one in every six* residents of the nation's nonmetropolitan areas received food stamps for at least one month. The report also found that fewer than one in 25 received food stamps in *every* month in this 32-month period. These findings indicate that large numbers of low income rural households rely on food stamps to help them through periods of temporary hardship.

8. *Puerto Rico Nutrition Assistance Block Grant*

Finally, a brief word on the Puerto Rico Nutrition Assistance program. This program is operated in Puerto Rico in lieu of food stamps. When it replaced the food stamp program in Puerto Rico in 1982, funding for it was cut sharply. Funding levels were then frozen until FY 1987. As a result, the reduction in food assistance benefits has been substantially greater in Puerto Rico than anywhere else.

I would urge the Subcommittee to reauthorize this program at current services levels, with full annual adjustments for inflation.

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Mr. Chairman, that concludes my testimony. I chose to focus on the food stamp program today, and as a result, did not cover commodity assistance programs such as the Program for Needy Families on Indian Reservations, the Commodity Supplemental Food Program, or the mandatory commodity purchase programs established under the Hunger Prevention Act of 1988. I would, however, be happy to answer questions on these programs or on matters related to domestic food assistance programs. Thank you again for extending an invitation for me to testify.

APWA

NATIONAL COUNCIL OF STATE HUMAN SERVICE ADMINISTRATORS

TESTIMONY OF

VERONICA CELANI

COMMISSIONER

VERMONT DEPARTMENT OF SOCIAL WELFARE

Representing the

AMERICAN PUBLIC WELFARE ASSOCIATION

Before the

DOMESTIC MARKETING, CONSUMER RELATIONS, AND NUTRITION
SUBCOMMITTEE OF THE COMMITTEE ON AGRICULTURE,
U. S. HOUSE OF REPRESENTATIVES

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INTRODUCTION

Mr. Chairman, members of the Subcommittee, I am Veronica Celani, commissioner of the Vermont Department of Social Welfare. I am here today as chair of the American Public Welfare Association (APWA) Food Stamp Reauthorization Task Force.

APWA is a 59-year-old non-profit, bipartisan organization representing the 50 state human service departments, 800 local public welfare agencies and 5,000 individuals nationwide. APWA has been a leader in the movement to reform and strengthen the nation's economic security and human service programs for low-income families and individuals.

In 1986 APWA published One Child in Four, which presented the state human service commissioners' recommendations for comprehensive welfare reform. These recommendations emphasized the necessity of changing assistance programs into vehicles for self-sufficiency for as many recipients as possible. Among the elements of such strengthened programs must be a set of mutual obligations between the welfare agency and the client, opportunities and incentives for education and job training, and a realistic base of income support. Many of these principles were reflected in the Family Support Act of 1988, the significant reform of the Aid to Families with Dependent Children (AFDC) program passed by strong bipartisan majorities last year.

Next year's reauthorization of the Food Stamp Program presents an excellent opportunity to achieve equally important improvements in this vital component of our support of low-income families. The state human service commissioners are actively participating in setting the agenda for this process. We are now finalizing a set of reauthorization recommendations that will help move the Food Stamp Program toward the goals we seek.

The Food Stamp Reauthorization Task Force is the working group we have established to develop our proposals. The Task Force was convened earlier this year and is staffed by the state Food Stamp Program directors. It has consulted with the Congress, the U. S. Department of Agriculture, and advocacy organizations in formulating its recommendations. We are pleased that we have much in common with these groups on many of the important reforms we seek. We believe this presages a strong, broadly-supported effort next year that can make significant improvements in the Food Stamp Program.

MAJOR REAUTHORIZATION ISSUES

I want to briefly review the major priorities the Task Force has identified thus far. We believe our proposals substantially reflect the broad consensus of states on what a revamped Food Stamp Program should be. A full and detailed statement of our recommendations will be forwarded to members of this Subcommittee and other members of Congress.

We have identified two general areas of the Food Stamp Program that need attention during the reauthorization process. The first is **improvement of program benefits and access,** so that benefits better serve the needs of vulnerable groups such as the homeless, and access to the program is not hindered by unnecessary barriers to the application and participation process.

The second general category is **improvement of program administration,** to remove impediments to efficient state and local administration and serve recipients with greater speed and accuracy. One particularly pressing example is the need for **greater conformance between the Food Stamp Program and other benefit programs** with which it interacts, especially AFDC. At the practical level food stamps is not the independent entity that its federal structure may suggest; instead, the same family and the same agency worker often deal with both food stamps and AFDC, and the rules and benefits of one program strongly affect the other. The many differences between these two closely related programs produce administrative complexity, client confusion, and payment errors that need not exist.

IMPROVEMENT OF PROGRAM BENEFITS AND ACCESS

Household definition. There is broad agreement that the definition of a food stamp household--the person or persons grouped together for eligibility and budgeting purposes--has grown far too complex in recent years and also fails to reflect how many low-income families must now live. Many families and individuals who would otherwise live separately have been forced to share shelter with family members or friends due to the current low-income housing crisis. While sharing housing, they still maintain their separate household identity and do not combine their income. The household definition must be revised to reflect this reality and to simplify the job of agency workers who must administer this important policy.

The revised definition we propose would provide that (1) only spouses, parents, and their minor children who reside together must be included in the food stamp household; (2) persons who reside together other than the above may be included in a group or be separate groups based on their declaration of whether or not they subsidize each other's food costs. Further, the current protection for severely impaired persons, who may now apply as separate households, should be expanded to include all such persons over age 18 and not just those over 60.

In reviewing cases for possible quality control errors, we recommend that errors be restricted to those situations where individuals who are mandated household members by virtue of marital or parent/minor child relationships were not included in the household.

Deductions and exclusions from income. The Food Stamp Program allows a number of deductions and exclusions from gross income to reflect necessary expenses of maintaining a household or holding a job. The amount of each deduction is fixed by law, however, and there is no automatic adjustment for inflation. The effect is a gradual erosion of the purchasing power of low-income families. The Task Force is especially concerned with the following deductions for expenses that are vital for families to remain or become self-sufficient:

1. Shelter costs. Certainly one of the most important of these is shelter costs, which in recent years have required an increasing proportion of low-income household budgets. Currently, most food stamp households can deduct only those housing costs above 50% of their net income that do not exceed $170 a month. Many food stamp households already have difficulty meeting monthly housing costs, and far too many of them live in danger of losing their home. We strongly recommend removing the present low limit on

shelter deductions as an important and practical way to help such families remain in permanent housing, and to diminish the acceleration in homelessness.

2. HUD utility payments. Many households living in housing subsidized by the Department of Housing and Urban Development (HUD) receive a utility allowance each month to help defray their utility expenses. Current federal interpretations count these payments as income, rather than excluding them as energy assistance. The Task Force recommends that the HUD payments be excluded like other energy assistance. This change would also be an important step toward easing the shelter burdens on low-income families.

3. Medical deductions. States also wish to reform the deduction that elderly and disabled recipients are allowed for medical costs. These costs must now be calculated by adding up the actual prices of various medical items, resulting in a costly and time consuming process. A standard deduction, available to all elderly and disabled households across the board, would be much more efficient.

4. Child Support disregard. Child Support Enforcement programs return up to $50 monthly of Title IV-D collections to AFDC recipients as an incentive for them to support the collection process. The payments are disregarded in AFDC

but counted as income for food stamps. This discrepancy has been an administrative burden on states for years, and contributes to many payment errors. Further, it provides a disincentive for food stamp recipients to participate fully in the child support recovery process. The Task Force strongly recommends changing food stamp policy to conform with that of AFDC, providing program consistency as well as removing the penalty imposed on food stamp clients for these payments.

Student income and grants. There is fresh evidence that low income students who advance their educations have a far better chance of boosting their earning potential and becoming self-sufficient. Current food stamp law prohibits college student eligibility unless the student works at least half time, is the parent responsible for a young child, or is handicapped. This severely limits the college attendance opportunities for poor young people, especially in areas where sufficient part-time student jobs are scarce. Legislation allowing students to attend college full-time if they live at home was passed by the House in 1987 but went no further. We recommend that this change be enacted by the Congress next year.

The treatment of educational income and job training allowances should also be revised to be consistent with the AFDC program, which allows most such educational assistance to be exempt from income counted toward determination of benefits. The Food Stamp

Program should not dilute these incentives for self-improvement.

Benefit levels and benefit reduction rate. There has been considerable concern as to whether USDA's current cost plan for food stamp benefits, the Thrifty Food Plan, is in fact sufficient to provide a nutritionally adequate diet. The Task Force shares this concern and recommends that Congress require an evaluation of the adequacy of the current plan, taking into account such variables as the price of food actually available in or near low-income neighborhoods.

This same study should also examine the benefit reduction rate, which has remained at 30% since 1977. This percentage is the amount by which benefits are reduced for each additional dollar of countable household income, and derives from the assumption that households spend about that much of each dollar on food purchases. There is evidence to suggest, however, that this rate may now be out of date.

Resource limit for vehicles. Certain household property and other resources are exempt from being counted toward the household's asset limit of $2,000 ($3,000 if an elderly or disabled member is present). Among the exemptions is the first $4,500 in the value of most vehicles. Vehicle value beyond $4,500 is counted toward the asset limit. The $4,500 figure was established in 1977 and theoretically then allowed a car adequate for getting to work and other necessary functions. The $4,500 amount is now well below the price of many cars, including cars owned by households who use the program temporarily due to layoffs or other short-term emergencies. The Task Force strongly recommends that the vehicle limit be raised to a more realistic level.

Food stamp employment and training program. Much attention has been focused recently on the Job Opportunities and Basic Skills Training Program (JOBS), the new AFDC employment and training component required by last year's Family Support Act. Since 1986 a revitalized employment and training (E&T) program has also been in place for food stamp recipients. Most states are now finding it best to coordinate these two work programs since there is so much overlap in clientele. Once again, however, a multitude of differences in AFDC and food stamp policy seriously hamper these efforts.

The Task Force recommends that HHS and USDA coordinate as much of these two work programs as possible. Examples of potential areas include funding, criteria for participation, penalties for non-participation, standards to be met, and monitoring systems.

Performance standards. In the meantime, the Task Force is concerned with the mandate that performance standards be developed for the E&T program. States support the general concept of evaluating employment and training programs based on outcomes. It is this support that fuels our concern. We believe there are many factors that should be carefully studied to determine how performance is measured, and these factors vary widely from state to state. The JOBS legislation requires a study of performance factors. We recommend that no food stamp employment and training outcome standards be imposed at least until the results of the JOBS study are known. Only then will we know the validity of this approach and whether this concept accurately measures the movement of individuals into self-sustaining employment.

Barriers to participation. Throughout the Food Stamp Program's history there has been concern about potential barriers that prevent or discourage participation by various individuals and groups. These have been addressed from time to time by outreach campaigns and changes in program requirements. Currently one of the most underrepresented groups in the food stamp population is the elderly.

A fundamental barrier for many elderly is the stigma that unfortunately is sometimes attached to the Food Stamp Program. The Task Force recommends a USDA-directed national outreach effort that would present food stamps in a positive light and help convince the elderly of the program's value to them. We further recommend that the the outreach campaign be made in cooperation with the Commission on Aging.

Restaurant meals for the homeless. Current law allows the homeless to use food stamps to purchase prepared food from a state approved public or private nonprofit provider of meals to the homeless. Current law also allows states to contract with restaurants to allow the elderly to purchase prepared meals at concessional prices. Homeless people often have the same difficulty as seniors in securing transportation to homeless feeding sites. We recommend that states be allowed to contract with restaurants to provide meals at concessional prices to the homeless.

IMPROVED PROGRAM ADMINISTRATION

Consistency between food stamps and the AFDC program. Differences between food stamps and AFDC have been a persistent source of administrative problems and payment errors. Most recipients of AFDC also receive food stamps, and many states use the same eligibility worker to handle both programs. A growing number of states are interested in demonstration projects where some or all elements of the two programs are combined. The purposes and intended recipients of the two programs frequently converge. Despite these common points, a host of major and minor differences between the programs confuse recipients and hamper administration.

Bringing AFDC and food stamps closer together has long been an APWA priority. In 1986 APWA issued a report recommending changes in 36 areas of food stamp and AFDC policy that would improve joint administration of the programs. Since then Congress has shown concern for consistency issues, and the Departments of Agriculture and Health and Human Services have studied APWA's recommendations, but few substantive changes have actually been made. The major changes made to AFDC by the Family Support Act of 1988, particularly in employment and training policy, have intensified the need to address program differences.

The Task Force has been guided by these ongoing concerns in arriving at many of the specific recommendations already discussed. The problem is so broad, however, that we believe a more comprehensive approach is required. We recommend that Congress establish a commission to examine current AFDC and food stamp law, and to recommend alignment wherever feasible. Second, we recommend that Congress establish an interagency clearinghouse that must review all AFDC and food stamp regulations proposed by the Departments of Health and Human Services and Agriculture, and require conformance wherever feasible.

SAVE verification requirements. The Systematic Alien Verification for Entitlement (SAVE) program requires all members of all households to sign a document attesting to their citizenship or eligible alien status. This verification requirement applies even when the household's citizenship status is not in doubt and is already verified by other documentation such as birth certificates. SAVE thus imposes a requirement that often needlessly increases paperwork and administrative costs and places unnecessary burdens on recipients. The Task Force recommends that alien status be verified only when questionable.

Implementation timeframes. A long standing concern of administrators has been the implementation schedule mandated by changes in federal law or regulations. Frequently such changes are issued with unreasonably short implementation deadlines and in some cases are even issued retroactively. We recommend a mandated, reasonable interval of time between the passage of new laws and their effective dates and between the publication of implementing regulations and their effective dates. We also recommend a prohibition of any retroactive changes or so-called "self-implementing" laws.

Combined application forms for local general assistance programs. The 1988 Hunger Prevention Act requires states to have combined food stamp and general assistance (GA) applications, even if the GA program is locally administered. This policy presents extreme administrative difficulties in states with locally administered GA programs; in one state, for example, there are some 1,450 local jurisdictions with GA programs. The Task Force recommends that this requirement be restricted to state-operated GA programs.

Quality control. The subject of quality control (QC) was closely examined during work on the Hunger Prevention Act of 1988. At that time Congress recognized the validity the National Academy of Sciences' view that the existing QC system was seriously flawed and should be extensively overhauled. Congress did agree to enact several helpful changes in the food stamp QC system as part of the Hunger Prevention Act, notably a more rational national tolerance level effective for FY 1986 and beyond, determined by the lowest national average error rate of underissuances and overissuances for any prior fiscal year plus one percent. Due to constraints of time and of the funding needs of other elements of the 1988 legislation, however, additional QC reforms were postponed until debate on the 1990 reauthorization of the Food Stamp Program.

Certainly the most urgent of these is the backlog of outstanding sanctions against states for FY 1981 through 1985, which was not affected by the 1988 reforms. Payment of this backlog would severely strain the fiscal capacity of many states. It is neither fair nor wise to fail to extend to past years the revised tolerance level now in place for current program performance. This is the same principle used in AFDC QC reform legislation passed by the House of Representatives earlier this year.

A second important item left on the reform agenda is the appealability of waiver denials. As part of the negotiated reforms enacted in 1988, states lost the right to appeal denials of good-cause waivers of food stamp error rate penalties. This issue was to be revisited during reauthorization, with particular attention paid to USDA's track record in acting on waiver requests. Since the Hunger Prevention Act was enacted, USDA has acted on waiver requests for 1984 and it has developed some broad policies for handling other waivers. Unfortunately, the Department's record during this interim period suggests that it continues to take a restrictive approach on many state waiver requests.

Documentation of departmental decisions shows that USDA does not base its waiver decisions on the merits of the waiver request alone, but rather that fiscal considerations control the waiver process. This documentation shows that the Office of Management and Budget (OMB) requires USDA to make offsetting reductions in other budget outlays to the extent it grants waivers, and requires USDA to get advance OMB approval of any waivers offered. Further, USDA is now operating from new and restrictive formulas for granting waivers based on unexpectedly high caseload growth and on the occurrence of natural disasters, with the result that only 6 1/2% of the $79.1 million in penalties for FY 1984 were waived. This record is not acceptable, and we believe that it must be redressed through a reinstatement of states' right to appeal these rulings.

A third QC issue that should receive consideration is the structure of the QC case review process. We believe there is possible merit in a fully-federal "one-tier" operation to replace the present system of state reviews followed by a federal sample, or "re-review," of state activity. This change could reduce total state-federal administrative costs and simplify and speed up the overall QC process. This issue deserves further study as an alternative to the present process.

Electronic Benefit Transfer (EBT). States wishing to issue food stamp benefits via electronic benefit transfer (EBT) systems--such as "smart cards" encoded with monthly benefit amounts that are deducted at store checkout machines--can now do so only through special demonstration project authority. Because this technology is becoming more widespread and cost-effective, the Task Force recommends that states be given statutory authority to allow such systems as part of normal adminstrative procedures.

EBT provides substantial benefits to both states and recipients when properly administered and when structured so that existing advantages and protections of the Food Stamp Program are maintained. For example, such systems make it quite simple to establish a "one-stop shopping" concept in states that wish to demonstrate the advantages of consolidating the AFDC and food stamp application and benefits issuance process.

Combined issuance of first and second months' benefits. The Hunger Prevention Act of 1988 requires that persons applying after the 15th of the month receive the first and second months' benefits together in a single allotment. States have until January 1, 1990 to implement this change. While well intentioned, this pending requirement would have considerable negative impact. Recipients who get the combined allotment often do not realize that, in some instances, nearly two months must elapse before they can receive their third monthly allotment. This situation can lead to serious grocery budgeting difficulties and could force many such families to rely on food pantries for several weeks.

In addition, many states must go to considerable expense to reprogram their computer systems to accommodate this change. We recommend that this requirement be reconsidered and that, at minimum, it be made optional to states.

Proration of benefits at recertification. When clients reapply for recertification of their benefits during the month after their previous certification ended, benefits for the application month are prorated. This hurts recipients who may have been unable to reapply timely because of reasons beyond their control. Eliminating proration would also have some administrative advantages. We recommend that proration be ended for all households, as has already been done for migrant households.

Simplified definition of AFDC income in Food Stamp budgets. Several past demonstration projects have tested the concept of making AFDC recipients "categorically eligible" for food stamp benefits; that is, AFDC recipients would not have to go through a separate application and detailed budget calculation process to receive food stamps. This approach greatly simplifies administration of the two programs for such mutual recipients.

Experience from these demonstrations suggests that the AFDC gross income amount should be used for all household members receiving AFDC when computing the food stamp budget. This common definition of included income should apply to any AFDC recipient in any food stamp household. Such an approach would resolve a number of the troublesome budgeting discrepancies between the two programs.

CONCLUSION

Mr. Chairman, I appreciate the opportunity to present this summary of the American Public Welfare Association's recommendations for reauthorization of the Food Stamp Program. Again, a full statement of our proposals will be forwarded to you in the near future. We look forward to working with you and your colleagues to improve and strengthen this critical component of our services to the nation's low-income families.

(Attachment follows:)

SHELTER CAP IMPACT ON VERMONT FOOD STAMP HOUSEHOLDS

To examine the affect of the shelter cap when calculating benefits for Food Stamp households not containing an elderly or disabled member, Vermont extracted data from our computer files for three groups of our Food Stamp caseload. The three groups are:

(1) Households which include AFDC recipients and no elderly or disabled recipients;

(2) The working poor, which for this analysis are households with earned income, no AFDC recipients and no elderly or disabled recipients; and

(3) Households which include someone who is elderly or disabled.

The housing cost, defined as the amount paid for rent, or for mortgage, taxes and insurance on the structure, was determined for each of the three groups. Households which incurred no (zero) costs for these items were excluded from consideration. Because we are concerned especially with examining the impact of the shelter cap on households with above average housing costs, the three groups were then refined into subgroups by isolating for study only those households in each group whose housing costs exceeded the median. Households with lower than average housing costs are less adversely affected by the shelter cap.

The following data were collected for each subgroup so that the current situation can be used as a basis for simulating the effect of removing the shelter cap now placed on households without an elderly or disabled member.

Calculations with Shelter Cap for non-Elderly/Disabled Subgroups

-2-

Monthly Average	AFDC	Working Poor	Elderly/Disabled
Food Stamps	$158.00	$188.00	$126.00
Cash Income	$626.03	$765.48	$603.72
Food Stamps plus Cash	$784.03	$953.48	$729.72
Housing Cost	$384.13	$375.65	$249.95
Percent of Cash Income for Housing	61%	49%	41%
Household Size	3	4	2
Per Capita Income *	$261.34	$238.37	$364.86
Per Capita Income for Non-housing Needs *	$133.30	$144.46	$239.89

*Includes Food Stamps

The data clearly indicate that for the higher housing cost households, even though the AFDC and Working Poor households receive more Food Stamps and more cash income than Elderly/Disabled households, they also have higher housing costs (over 50 percent higher), and spend a higher percentage of their income on housing (20 to 49 percent higher). The net result for the AFDC and Working Poor households is per capita incomes which are less than the Elderly/Disabled by $103.52 and $126.49 respectively and per capita incomes available for needs other than housing which are less than that of the Elderly/Disabled by $106.59 and $95.43 respectively.

This is a substantial monetary penalty to inflict on households with children, as these households are apt to be. The differential will be lessened if the shelter cap is removed. A comparison of the subgroups after Food Stamp benefits have been recalculated without a shelter cap for the AFDC and Working Poor subgroups shows the following:

Calculations Without Shelter Cap for all Subgroups

Monthly Average	AFDC	Working Poor	Elderly/Disabled
Food Stamps	$232.00	$238.00	$126.00
Cash Income	$626.03	$765.48	$603.72
Food Stamps plus Cash	$858.03	$1003.48	$729.72
Housing Cost	$384.13	$375.65	$249.95
Percent of Cash Income for Housing	61%	49%	41%
Household Size	3	4	2
Per Capita Income *	$286.01	$250.87	$364.86
Per Capita Income for Non-housing Needs *	$157.97	$156.96	$239.89

*Includes Food Stamps

Food Stamps are increased by a monthly average of $74 for the AFDC subgroup and $50 for the Working Poor subgroup. The differences in per capita income and per capita income available for needs other than housing are reduced by $24.67 and $12.50 for each respectively.

The picture is even clearer if per capita Food Stamps are calculated for each of the subgroups, both before and after the removal of the shelter cap. With the shelter cap, the AFDC household per capita Food Stamp benefit is $52.67; for the Working Poor it is $47. The comparable figure for the Elderly/Disabled households is $63. When the shelter cap is removed, the AFDC per capita Food Stamps goes to $77.33, an amount in excess of that for the Elderly/Disabled. The Working Poor per capita Food Stamp benefit at $59.50, approaches the Elderly Disabled amount, but still falls $3.50 short.

The differences are explainable. The excess shelter cost is a function of the amount that actual shelter costs, which are about the same for the AFDC and Working Poor subgroups, exceeds one-half of income after other deductions. Income is a considerably larger figure for the Working Poor. Consequently, the amount by which the AFDC subgroup's excess shelter amount exceeded the shelter cap was $78.20 more than the comparable amount was for the Working Poor. Eliminating the shelter cap and subtracting actual shelter from income after other deductions, thus appropriately results in a greater offset to income for AFDC households.

Making the proposed change is not without dollar costs. Not making the change continues unfair social costs. The portion of the caseload with children, with higher housing costs and lower per capita income is penalized by an inequitable budgeting procedure which guarantees these same households will receive fewer Food Stamps per capita. The removal of this inequity will increase per capita Food Stamps for the AFDC and Working Poor households without any detrimental affect to the Elderly/Disabled households, which will continue to have higher per capita incomes both before and after housing costs are deducted.

Removal of the shelter cap for households which do not include elderly or disabled member represents a multifaceted attack on poverty. This change successfully targets Food Stamp benefits to those in our society who are experiencing the shortage of affordable housing most acutely. Housing is a fixed cost, and when it is abnormally high, the food budget gets pinched because the rent has to be paid. 'Eliminating the shelter cap helps provide more adequate diets to those households most likely to be paying the high shelter costs. In addition, this change reduces the potential for adding to the rolls of the homeless.

In conclusion, the shelter cap as currently legislated denies Food Stamp benefits to those households who are in the greatest need due to high housing costs. It is also discriminatory. Its removal will increase the level of fairness in program rules and will at the same time address one of our most serious problems. The lack of affordable house.

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November 1, 1989

Presented by

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Statement of the American Association of Retired Persons

Introduction

The American Association of Retired Persons appreciates this opportunity to express our views regarding the reauthorization of the Food Stamp Act. The Food Stamp Program is the primary form of federal food assistance for low-income older persons. Twenty percent of all food stamp households include at least one individual age 60 or over, and 1.6 million older individuals receive food stamp benefits.

AARP appreciates the improvements that Congress enacted recently as part of the Hunger Relief Act of 1988. These amendments began to increase benefit levels and restored federal funding for outreach efforts. Nevertheless, AARP remains concerned that benefit levels continue to be too low to ensure an adequate diet for the poor, and too few elderly persons receive the benefits for which they are eligible.

In summary, AARP recommends that Congress:

- Address the need for improved **outreach** efforts;
- Require **mail issuance** of coupons to elderly and disabled households who otherwise face a hardship in receiving benefits;
- Strengthen efforts to **simplify application forms**; and
- Consider improvements in the **minimum benefit**.

Importance of Food Stamp Benefits for Older Persons

Food stamp benefits are an important component of the income maintenance system for low-income persons. While children currently have the highest levels of poverty in this country, persons 65 and over have the highest poverty rate among adults over the age of 21. For older women and minorities, poverty remains extremely high, as illustrated in the table below.

1988 Poverty Rates

	Total	White	Black	Hispanic
Men 65+	8.0	6.3	23.7	18.0
Women 65+	14.9	12.6	38.0	25.9
Total	12.0	10.0	32.2	22.4

(Source: U.S. Census)

Furthermore, in 1987, 80 percent of elderly, rural, black women who did not reside with other family members were poor. Persons with low incomes are less able to purchase adequate food to maintain a healthy diet. Because diet is important in the maintenance of good health, it is imperative that persons with low incomes have access to the Food Stamp Program.

Characteristics of Older Participants

As of 1986 (the most recent date for which reliable figures are available):

- Ninety percent of all older food stamp participants lived alone or with one other person (usually elderly as well);
- Fifty-eight percent of older food stamp households consist of a single elderly woman;
- Average monthly gross income for elderly individuals receiving food stamps was $280 in 1986; for households, $420;
- Food stamp households with elderly members had an average of $171 in countable assets;
- Eighty-seven percent of older food stamp households had $500 or less in assets;
- Fewer than five percent of older food stamp households had $1,000 or more in assets;
- Few households with elderly members had earned income (5.3 percent); and
- Fifteen percent of households with elderly members claimed a medical expense deduction with an average amount of $76 a month.

Benefit Levels of Households with Elderly Members

In 1986, the average monthly benefit for older individuals was $32 per person or $48 per household. Thirty percent of older households in the Food Stamp Program received the minimum food stamp benefit of $10 a month. For many older persons, especially the rural poor, the cost of access to food stamps can outweigh the minimum $10 benefit. The value of benefits, even the minimum benefit, should not be outweighed by to the cost of access.

Participation Rates Among Older Persons

As is true of other public benefit programs, participation by older persons in the Food Stamp Program is particularly low. According to a 1988 study by the Congressional Budget Office, only 34 to 44 percent of eligible households containing an elderly member receive food stamps.

A 1984 study by USDA and Mathematica Policy Research, "Participation Among the Elderly in the Food Stamp Program," found that participation was much higher among eligible households receiving Supplemental Security Income (SSI) (74 to 80 percent) than among non-SSI households (24 to 37 percent). In analyzing reasons for non-participation, a key finding was that people lacked awareness. The authors found that more than two-thirds of eligible non-participants either didn't think they were eligible or didn't know. Only 14 percent indicated that they were too proud to apply or would be embarrassed if others in the community knew they were participating.

There also was some evidence that distance from the food stamp office was positively related to non-participation. Thirty-one percent of non-participants indicated that getting to the food stamp office was a "big problem." Twenty-seven percent of non-participants lived more than nine miles from the nearest office.

In addition, low benefit levels were found to be related to participation. For single-person households, 39 percent of non-participants, compared to 25 percent of participants were eligible for only the $10 minimum benefit. For multi-person households, 36 percent of non-participants compared to 11 percent of participants qualified for only the minimum.

The U.S. General Accounting Office examined reasons for nonparticipation in the Food Stamp Program in 1988. It found that half the eligible nonparticipants did not think they were eligible for the program, many because they thought their income or assets were too high. But even among those nonparticipants who thought they were eligible for the program, two-thirds did not try to apply. Almost one-third of these thought they did not need the benefits, but 27 percent cited concern about likely administrative "hassles" as their reason for not applying.

Several actions could facilitate participation in the Food Stamp Program by older persons.

Outreach

More outreach is needed to inform persons of their possible eligibility for the program and to assist them in completing application forms. This is a particularly difficult but necessary task in rural areas in which older persons are more likely to be socially and physically isolated and to lack access to information about programs and services.

Many older persons are unaware that they can apply for food stamps in the Social Security office which, in some cases, may be more convenient and less stigmatizing than using the welfare office. Although the Food Stamp Act clearly requires Social Security offices to provide application information and assistance, these provisions of law are not being adequately enforced.

AARP's Outreach Efforts

AARP has been involved in outreach projects to increase participation in the SSI program in 13 communities. We believe this experience can provide guidance for effective Food Stamp outreach projects.

In the first phase of SSI outreach, a three-city pilot project, funded in part by the Commonwealth Fund Commission On Elderly People Living Alone, was undertaken to evaluate outreach activities on the local level. The three cities participating in 1988 were Pittsburgh, Pennsylvania; Oklahoma City, Oklahoma; and El Paso, Texas. In each location, a coalition of agencies assisted in the outreach efforts.

Statistics provided by the Social Security Administration (SSA) show that, in these three cities, overall SSI applications and awards increased dramatically in 1988. The application rate increased by 97 percent and awards increased by 58 percent as compared to the average of the three previous years.

Based on the success of the 1988 pilot project, AARP expanded the outreach program to ten additional communities in 1989. Because of the success of the pilot project, the Association received 80 applications from groups who wanted to undertake an outreach project in their community. Five sites were selected to begin in the spring: Ashville, North Carolina; San Antonio,

Texas; Rutland, Vermont; Sacramento, California; and Lac Du Flambaeu, Wisconsin. Their outreach activities took place fro April to July.

Preliminary results from the spring outreach sites are encouraging. During the months of May, June and July 1989, applications in the five sites increased by 38 percent and awards increased by 37 percent.

The remaining five 1989 sites are starting their outreach efforts this fall in Portland, Oregon; Denver, Colorado; Des Moines, Iowa; Winter Park, Florida; and East Orange, New Jersey. We would be glad to provide the subcommittee with additional statistics when they become available.

Features of AARP's Outreach

Coalitions. The key to the success of the AARP outreach projects is the use of coalitions of local organizations. This approach allows active involvement of local citizens committed to helping low-income people in their community.

The local agency assumes a leadership role in building and guiding a coalition of agencies to provide the broad-based support necessary to reach the elderly poor. AARP provides technical assistance, training, material, videotapes and some publicity. Groups that participate in the coalition may include the area agency on aging, information and referral agencies, religious organizations, health care providers, utility companies, advocacy organizations, legal services, and service providers for the elderly, blind or disabled. All coalition members participate in the training and project activities.

In addition to committing staff time, the lead agency must cover many of the local project expenses. Unfortunately, the financial commitment required of participating local organizations precludes some otherwise interested groups from participating.

Outreach Techniques. The major methods employed in our 1988 and 1989 efforts have included extensive use of the media, training of social service providers, conducting community education presentations, and one-to-one counseling of potential applicants.

Training. The training provides advocates and service providers with a one-day, in-depth explanation of the SSI program. It is important to have this ongoing training of advocates who can assist with public benefit issues in general and SSI in particular. AARP has found that extensive training of social service providers has resulted in more effective identification of those who are eligible for SSI.

During the training, advocates also receive information on their state Medicaid program. It is important to emphasize the linkage between SSI and Medicaid because many potential applicants do not know about it. Similarly, the linkage between Food Stamps and SSI must be emphasized to ensure that applicants are informed of the full range of benefits for which they may be eligible. In particular, the availability of Medicaid can serve as an incentive to apply for SSI even though the monthly cash benefit may be low.

In addition to the training, participants receive a training manual which is used as a resource guide.

Media. Use of the broadcast and print media are an essential component of outreach activities. They are an important means for funneling information to potential recipients.

Successful use of the broadcast media was best illustrated by the one day "Phone-a-thon" in Pittsburgh. This included short TV segments with SSI recipients during the 12 noon, 6 p.m. and 11 p.m. newscasts. These were followed by a live interview with the district manager of the Social Security office and a request that those with questions call the station to get answers from the cadre of volunteer SSI advocates who were at the TV station. Over 5,000 calls were received during the course of the day, and many of those calling were referred to the local Social Security office to file an application. The questions that were asked of volunteers regarding income, resources, disability and living arrangement situations, reconfirmed our belief that the job of informing the public about SSI must be an ongoing one.

Reaching Minority Populations. Special attention must be paid to informing those not reached through traditional methods of outreach such as minority groups. In El Paso, Texas, a large portion of the population responding to the SSI outreach efforts were Hispanics. Outreach to this community included working with local church groups, using the Spanish language TV and radio stations, translating materials into Spanish and using a bilingual, bicultural outreach worker in the area agency on aging to answer SSI inquiries.

In 1989, AARP expanded the demonstration project to other minority populations. In Wisconsin our efforts focused on twelve

Indian reservations; and, in San Antonio, Texas we again worked with the Hispanic population. In both instances the cosponsors selected were organizations with credibility in the minority community. This fall, the site in New Jersey will emphasize reaching the older black population.

Social Security Administration Involvement. In our experience, the outreach was more successful with cooperation from the local SSA office. In 1988 the SSA district offices cooperated with AARP and the area agency on aging. They assisted with training programs, provided materials, and suggested outreach techniques. In 1989, the local SSA district office in Rutland, Vermont formally acted as the local cosponsoring agency.

Future Outreach

AARP hopes to continue expanding its outreach program in several ways. We are developing an SSI "How To" manual and a videotape. These materials will provide interested communities with options for establishing their own outreach program. AARP will also be available for some technical assistance.

In addition, AARP is planning to expand its outreach activities to 20 new sites. Outreach efforts will encompass other public benefit programs such as food stamps, Medicaid, and Low Income Housing and Energy Assistance programs, as well. Funded by the Commonwealth Commission on the Elderly Living

Alone, these activities will begin in 1990.

While AARP's outreach has been successful, those involved in our outreach efforts confirm what most people instinctively think -- a national coordinated effort by the Social Security Administration and implemented at the local level is needed in order to reach those throughout our nation who are eligible for, but not participating in SSI.

We believe this experience is relevant to future efforts to conduct outreach to potentially eligible food stamp participants. As AARP found through the SSI outreach projects, local participation and cooperation from the local agencies that administer the programs are important components of a successful effort. But local communities and organizations should not be expected to fill the current outreach void, nor can they reach the large number of potentially eligible participants nationwide who currently subsist on low incomes. Leadership is needed at the federal level for outreach efforts if significant improvements in participation are to be accomplished. Initiatives could take a variety of forms, including enhanced federal monetary support (e.g. an increase in the federal match for outreach from 50% to 60%); provision of training and technical assistance to the states; development and promotion of model outreach programs.

Other Recommendations

Mail Issuance. Although current regulations indicate that elderly and disabled persons should be given assistance in receiving their food stamp coupons, mail issuance is not explicitly required. Lack of mail issuance can pose a particular hardship in rural areas where older persons may lack the transportation to travel each month to receive their food stamps, especially if the benefit level is only the minimum. This can pose a significant barrier to participation and should be remedied. AARP recognizes that prevention of fraud is the primary reason for resistance to mail issuance. However, this objection can be remedied by a yearly personal visit to the Food Stamp Office to revalidate eligibility.

Application Forms. Application forms should be simplified and made more understandable so that the application form itself does not become a barrier to participation. In most states, the food stamp application form is now unified with the application form for AFDC. While this may serve a useful purpose for many families, it can cause unnecessary confusion for older persons applying for food stamps. Efforts should be made to ensure that the food stamp application form is easily understandable.

Minimum Benefit. Congress should begin to consider improvements in the minimum food stamp benefit. Seventy percent of those who receive the minimum benefit are elderly. The minimum was established at $10 in 1977 and has never been increased.

In 1977, the average monthly food stamp benefit, per person, was $24.70. This meant the minimum benefit constituted 41 percent of the average benefit. By 1988, the average benefit, per person, was estimated to be $49.80. In comparison, the relative value of the minimum benefit has shrunk to just 20 percent of the average. If the $10 minimum benefit had been indexed for inflation, its value in 1988 would have been nearly $20.

A higher minimum benefit could make program participation seem more worthwhile for older persons and improvements should be considered seriously. Alternatively, Congress should consider providing a larger minimum benefit less frequently. For example, a $45 minimum provided quarterly could replace the current $10 monthly benefit. This would help prevent the cost of getting to the food stamp office exceeding the benefit amount.

Conclusion

The Food Stamp Program plays a vital role in helping low-income households purchase the foods they need to maintain a healthy diet. Low participation among older persons is a serious problem that needs to be addressed. Improvements in benefits, outreach and administrative procedures will help ensure that older persons have better access to this important program. AARP would be happy to assist the Congress in favorably resolving these problems.

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TESTIMONY OF PATRICIA MORRIS
DIRECTOR OF RESEARCH
PUBLIC VOICE FOR FOOD AND HEALTH POLICY

BEFORE THE
U.S. HOUSE OF REPRESENTATIVES' AGRICULTURE SUBCOMMITTEE
ON DOMESTIC MARKETING, CONSUMER RELATIONS AND NUTRITION

November 1,1989

Chairman Hatcher and members of the Subcommittee, good morning. I'm Patricia Morris, Director of Research at Public Voice for Food and Health Policy, a non-profit consumer research, education and advocacy organization focusing on food, agriculture and health issues.

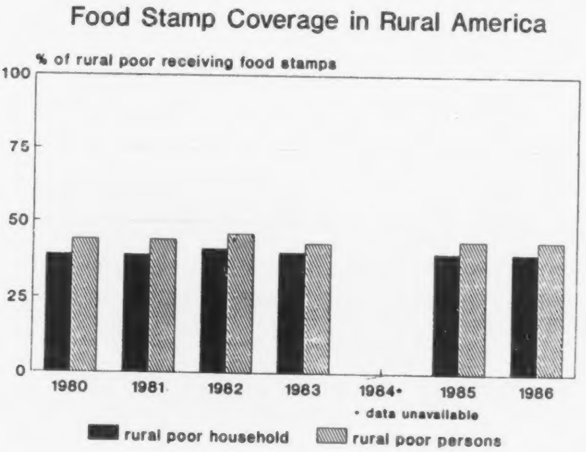
I appreciate the opportunity to testify this morning on the food stamp program in rural America and on specific and cost effective policy recommendations that Public Voice believes would improve the effectiveness of the program among the rural poor; a group profoundly hampered by poor nutrition and by the debilitating health consequences that follow.

Since 1984, Public Voice has documented the serious nutritional shortcomings in the diets of the rural poor. Findings from Public Voice's 1986 study, Rising Poverty, Declining Health: The Nutritional Status of the Rural Poor, revealed that an alarming number of the rural poor do not obtain adequate amounts of the nutrients vitamin A, vitamin C, calcium and iron. The data showed that almost one out of every two poor persons living in rural counties throughout the United States failed to consume even marginally adequate levels (two-thirds of their Recommended Dietary Allowances) of these essential nutrients.

In examining the foods most lacking in the rural poor's diet, it becomes clear why the rural poor have inadequate intakes of vitamin A and vitamin C. Findings from our 1988 study, Patterns of Risk: The Nutritional Status of the Rural Poor, showed that the rural poor consistently eat inadequate amounts of vegetables and fruits.

As a result of their inadequate diets, many of the rural poor exhibit clinical symptoms of advanced nutritional deterioration. The rural poor are one and one-half times more likely to have deficient serum blood levels of vitamin A and vitamin C as compared to the rural non-poor. But perhaps most shocking of all, our examination revealed that rural poor children are two and one-half times more likely than our nation's non-poor children to experience growth stunting; an important indicator of chronic undernutrition.

One factor that profoundly affects the rural poor's nutritional status is their limited access to the food stamp program. The food stamp program is designed to ensure that all poor persons have the purchasing power to obtain a nutritionally sound diet. Yet the food stamp program fails to reach many of the rural poor. Findings from our current analysis of food stamp coverage in rural America show that throughout the 1980s fewer than half of the poor living in rural counties received food stamps, according to data from the Census Bureau. In fact, despite increased federal spending throughout the decade, the food stamp program serves no greater proportion of the rural poor today than it did in 1980. The most recent data from the Census Bureau reveals that in 1986 only 44 percent of the rural poor participated in the food stamp program. This is the same proportion of rural poor participants as it was in 1980 (See Graph below).



Public Voice for Food and Health Policy

What this means in terms of people is that throughout the 1980s roughly five million persons living at or below poverty in rural America were not receiving food stamps, according to data from the Census Bureau (See Table 1 below).

Table 1: Food Stamp Coverage in Rural America

Year	Rural Poor (# persons)	Receiving ood Stamps	Not Receiving Food Stamps	% Rural Poor Receiving Food Stamps
1980	10,972,000	4,819,000	6,153,000	43.92%
1981	12,120,000	5,304,000	6,816,000	43.76%
1982	12,863,000	5,949,000	6,914,000	46.25%
1983	13,222,000	5,712,000	7,510,000	43.20%
1984	data unavailable			
1985	9,519,000	4,200,000	5,319,000	44.12%
1986	9,464,000	4,131,000	5,333,000	43.65%

Source: U.S. Census' Current Population Surveys 1980–1986

Why is it that less than half of the rural poor, many of whom are eligible, do not participate in the food stamp program? A wealth of research has demonstrated that much of under participation is the result of program policies and practices that create barriers to the program. For instance, when Congress eliminated the requirement that poor families must purchase some portion of their food stamp allotment, participation in the program increased by 4.2 million people in one year, according to the President's Task Force on Food Assistance. On the other hand, when food stamp offices close, increasing the distance applicants must travel to apply, program participation declines.

BARRIERS TO THE FOOD STAMP PROGRAM

While many of the barriers encountered by the rural poor face are similar to those encountered by the urban poor, there are particular ones that are unique to the rural poor. In our two reports; Patterns of Risk, and Profiles of Rural Poverty: Facing Barriers to the Food Stamp Program, Public Voice examined and identified several of these unique barriers.

First, the rural poor have limited access to food stamp offices. In many rural areas of the country a county has only one food stamp office in a geographic area of several hundred square miles. Potential applicants must travel 20 to 30 miles, and frequently 50 miles to reach a food stamp office.

This problem is further compounded by the lack of public transportation in many rural areas. With little or no bus service many of the eligible rural poor are hindered from applying or, if they are on the program, from going back to the office for re-certification. In fact our research revealed that many are forced to pay neighbors for rides to a food stamp office.

We also found that the lack of mail issuance of food stamp coupons is another significant deterrent to participation for the rural poor. Rather than simply receiving their food stamps in the mail many must go to the food stamp office every month to pick them up. This keeps many eligibles, particularly those who must travel large distances to redeem their coupons.

Adding to the problems of transportation, the vehicle asset limit serves as another barrier that affects a significant number of the most needy of the rural poor. The rural poor often depend on their vehicles to haul water and wood to their homes which often lack indoor plumbing or piped-in fuel. A dependable vehicle is a life-line for these rural families. The value of a reliable vehicle, such as a three year old pick-up truck, far exceeds the long outdated $4,500 food stamp vehicle asset limit, currently imposed by the program. Any value above this level is counted toward the overall household asset limit. Thus many of the most impoverished rural poor households, who would otherwise qualify for the food stamp program, become ineligible because of their vehicle.

Another critical barrier they face is the lack of information that they receive regarding the program's eligibility criteria. In a report by the General Accounting Office (GAO), it concluded that "no other factor had a sweeping impact on non-participation as did poor information concerning eligibility status." It was noted that this is a particular problem in rural areas where physical isolation heightens the problem.

The problem of assumed ineligibility is further compounded by the strong negative stigma associated with the program in many rural communities. "Small town pride" keeps many eligible rural individuals and families away from food stamp offices. This negative stigma is particularly prevalent among the "new poor," which include farmers and other affected by recent economic declines.

In summary, the limited access to the food stamp offices, the vehicle asset limit and the lack of adequate eligibility information act in concert to disenfranchise a significant number of the over five million rural poor who don't participate in the food stamp program.

RECOMMENDATIONS

While the Hunger Prevention Act of 1988 addresses a number of these issues, a great deal more still needs to be done. In particular, Congress should:

-- **Re-instate federal matching funds for mandatory state and local outreach efforts.** Until 1981 Congress mandated and funded outreach activities in the food stamp program. Effective outreach efforts must be carefully designed so that they locate and serve the most needy. Specifically states should be encouraged to establish targeted outreach programs in the areas of greatest need in a state. And the information distributed should emphasize the program's eligibility criteria rather than information about the existence of the program.

In addressing the barriers posed by the vehicle asset limit Congress should:

-- **Increase the vehicle asset limit from $4,500 to $5,500** and increase that level annually to keep pace with inflation.

-- **Exempt those households with either no piped in water or fuel, or it should establish a higher allowable value limit for**

one vehicle owned by such households before calculating its value toward the household's assets.

Public Voice also urges Congress to:

-- Change the household definition to better address the needs of a growing number of rural poor who live in over-crowded housing situations. By counting the income and resources of close relatives who are often forced to live together to reduce housing costs, many needy families are seriously penalizes.

I would like to emphasize that addressing this aspect of the eligibility criteria would also have a beneficial effect on migrant farmworkers who continue to be among the most poorly served. In fact, despite their extreme poverty fewer than one-quarter of the nation's farmworkers currently receive food stamps.

To improve the rural poors' access to food stamp offices Congress should:

-- Monitor the states to ensure that they are complying with the regulation legislated in the Hunger Prevention Act o f 1988 that food stamp staff inform clients with substantial transportation difficulties that they can be certified for the food stamp program by telephone or by home interview;

-- Mandate states to make available direct mail food stamp coupon issuance to all residents in a state, except where significant problems occur.

And lastly, because so many of the rural poor have limited access to fresh fruits and vegetables, Public Voice would like Congress to:

-- **Require USDA to encourage farmers in farmers markets to accept food stamps** by easing the food stamp certification requirements for farmers. Currently each farmer must set up a separate bank account and apply to USDA for certification. Many farmers see the difficulty incurred establishing a separate bank account as not worth the effort because they believe few food stamp users purchase food at farmers markets. The result has been that only a small number of farmers accept food stamps.

The food stamp program continues to be an essential program to the nutritional well-being of the rural poor. We hope these hearings will provide the impetus to develop and work with creative ideas to increase participation of the rural poor in this worthwhile program.

Submitted by:

Steven Banks
Coordinating Attorney
Homeless Family Rights Project
The Legal Aid Society

TESTIMONY OF THE HOMELESS FAMILY RIGHTS PROJECT BEFORE THE HOUSE SUBCOMMITTEE ON DOMESTIC MARKETING, CONSUMER RELATIONS AND NUTRITION

November 1, 1989

This testimony is submitted by the Homeless Family Rights Project of The Legal Aid Society.

In view of the desperate circumstances that homeless families continue to endure, we welcome this opportunity to again review the circumstances which currently confront homeless families with children in New York City. In this testimony, we will describe the dimensions of the continuing crisis experienced by homeless families in welfare hotels and other forms of inadequate emergency housing in New York City, and necessary federal responses to the continuing crisis.

As you may know, The Legal Aid Society has brought extensive litigation over the past six and a half years on behalf of homeless families with children. As a result of one of our lawsuits, McCain v. Koch, a New York State appellate court has determined that the State and City are legally obligated to provide emergency shelter to homeless families with children. In McCain, the New York State Court of Appeals also held that homeless families with children are entitled to safe and sanitary living conditions in welfare hotels in New York City, and a Court order now prohibits the City from placing homeless families in emergency housing that fails to comply with certain minimum standards of habitability. In addition to McCain and other class action litigation, we have provided individualized legal representation to hundreds of homeless families with children over the past seven years. Through our emergency hotline for homeless families and our regular outreach work in hotels and shelters used by the City as emergency housing, we have had a unique vantage point to observe the circumstances which confront homeless families on a day-to-day basis. We also regularly provide back-up support and assistance to advocates throughout New York and in other parts of the country.

DIMENSIONS OF THE CONTINUING CRISIS

Some 3,900 families -- including more than 7,000 children -- are now receiving emergency housing in New York City each night. The vast majority of these families became homeless as a result of circumstances beyond their control. They have lost their permanent housing as a result of fires or vacate orders placed because of dangerous housing conditions. Others had to leave their housing because of a lack of essential services such as heat and hot water, or because they had been living in overcrowded and unhealthy conditions, doubled-up with relatives or friends in inadequate permanent housing. Some are battered women or children. Some are families who have lost their housing because employment was lost, or public assistance benefits were erroneously terminated, or a wage earner deserted the family. Others have lost their permanent housing because, without the assistance of counsel, they were improperly evicted. Still others have lost their apartments or have never been able to afford apartments of their own because prevailing rents are higher than the monthly public assistance grant for shelter that is provided in New York City. Indeed, the monthly public assistance shelter grant for a family of four is a mere $312.00, and there simply is no supply of private housing available at this rental rate.

Despite the issuance of Court orders in our litigation and the issuance of State regulations governing the provision of emergency housing, the day-to-day existence of many homeless families and their children continues to be as brutal as that experienced by the original families who sought our assistance six years ago. Media accounts detail the fact that homeless children and their families continue to be placed in transient "welfare" hotels under conditions which are utterly shocking. Without actually seeing the conditions, it is difficult to comprehend that families with children in 1989 in the United States are living amidst such filth and squalor. Conditions in these hotels are reminiscent -- perhaps even worse -- than slum conditions described by Charles Dickens and later by Upton Sinclair. Health risks are as great as or even worse than those found in many developing nations. Indeed, in the face of such conditions, it is no surprise that the City Department of Health has concluded that between 1982 and 1984 the infant mortality rate in New York City's "welfare hotels" surpassed not only the rates of the City's poorest neighborhoods, but even those of some poor, developing nations. (See The New York Times, June 19, 1986, at B3, col.1.).

Against this background, the City's pledge to the New York City Congressional delegation last August to end use of welfare hotels as emergency housing for homeless families is certainly a positive step. The tragedy is that it has taken so long to reach this point. Over the past six years, thousands of children and families who have been made to endure life in welfare hotels have been indelibly scarred by this experience.

However, even while the City has promised Congress that it will end use of welfare hotels by July 1990, the City continues to assign new homeless families with children to placements in wretched welfare hotels. Despite the clear requirements of State law, new families continue to be regularly placed in hotel rooms with inadequate heat and hot water; bathrooms that lack privacy and are frequently inoperable; single rooms with one or two beds, even for families with several children; filthy, vermin-infested mattresses; no cribs for infants; and doors with broken locks. In these hotels, children have no place to do schoolwork. Food is often stored in bags suspended from the ceiling to keep mice from eating it. There are usually no cooking facilities.

Chipping, peeling and exposed paint in a number of these hotels contains lead in concentrations substantially greater than the level permitted by law. These hotels offer little security, and children placed in them are regularly exposed to drug traffic, prostitution, and violent crime. Families often report that their children must urinate in tin cans during the night because parents are fearful of going out of their hotel rooms at night to use "public" bathrooms in the hallways. Other families recount stories of children having to use hallway bathrooms where the walls are bespattered with blood. Drug paraphernalia of transients using these hotels is often strewn about in both bathrooms and "public" hallways.

At some hotels such as the Turf and Bristol in Queens where placements continue to be made, families are placed for brief periods, sometimes only one or two nights at a time -- forcing them to spend all day at their welfare centers, most of the night at an all-night welfare office to wait for another hotel placement in the early morning hours, and then to repeat that almost daily process over a period of weeks or even months. Under such circumstances, the education of children, health care, and any semblance of normal family life are completely disrupted.

The cost of placing families in such inadequate and unlawful conditions is as shocking as the conditions themselves. According to the Mayor's Advisory Task Force Report on the Homeless, the typical costs of housing a family of four in a welfare hotel are $69.21 per day, or $25,261.00 per year. Overall, nightly rental rates range from $53,261.00 to more than $100.00. Monthly rental rates for such inadequate conditions at "welfare hotels" can be as much as $3,000.00 for each family.

Furthermore, attention has focused on the elimination of welfare hotels as if welfare hotels are the only inadequate form of emergency housing that New York City and other localities use for homeless families with children. As an alternative to the "welfare" hotel system, over the past five years the City has used barracks-style shelters for homeless families and their children, including families containing children and adults with contagious diseases and special medical needs. While the City has committed to cease using such shelters, that commitment will not be implemented until 1992. At these barracks-style shelters, men, women and children, including young children and opposite sex teenagers, live and sleep in open rooms. There is absolutely no privacy. Sleep is difficult, if not impossible, with the cries of young children continuing through the night. Diarrhea, rashes and colds are the norm, and there is no adequate screening system to protect against disease. Indeed, quarantines at the City's five barracks-style shelters because of outbreaks of measles, chicken pox, and mumps have been regular occurrences.

To make matters worse, over the past year, the City has begun to repeatedly shuttle homeless families from one night to the next among "overnight beds" in various barracks-style shelters.

As was the case with short term placements in hotels like the Turf and the Bristol, the City now consigns many families to first waiting all day at their welfare centers and most of the night at an all-night welfare center for an emergency housing placement, and then to a one-night placement in "overnight beds" in a barracks-style shelter. This "bouncing" of families through a series of one-night placements in "overnight" shelter beds can continue for a period of weeks. Again, under these circumstances, children's education, employment or maintenance of health care are completely disrupted.

The existence of completely inadequate conditions in these shelters has been confirmed in a recent report by the Citizens' Committee of New York entitled Children In Storage: Families in New York City's Barracks-Style Shelters (November 1988). These shelters not only pose a high risk of spread of contagion, but they are even more costly than welfare hotels. The Citizens' Committee report notes, for example, that the City pays $170.40 per night to shelter a typical family in the East Third Street barracks-style shelter in Manhattan and $132.15 to shelter such a family in the 151st Street shelter in the Bronx. At the Catherine Street shelter in Manhattan, the City's proposed operational plan for the shelter stated that the annual costs of sheltering each family were $53,000. In view of these extraordinary costs and the adverse effects on children resulting from placement in these shelters, ending use of barracks style shelters in the City is just as urgent as eliminating use of welfare hotels. To permit children to languish it such shelters until 1992, as New York City proposes to do, is simply unacceptable.

FEDERAL REMEDIES TO ADDRESS THE CRISIS

The provision of affordable permanent housing is obviously the ultimate solution to meet the needs of homeless children and their families. To the extent that the crisis of homeless families continues to be viewed as one that can be addressed merely by the creation of more adequate emergency housing and the development of numbers of permanent housing units targeted to the number of homeless families who are in the shelter system on any given night, this crisis will never end. Children need permanent housing. While the physical conditions in "transitional" housing are certainly better than those in welfare hotels and barracks-style shelters, children living in physically adequate "transitional" housing are no less displaced, no less disoriented, and no less stigmatized. The only viable solution to stem the tide of families seeking emergency shelter is to address the underlying cause of the current crisis, namely the lack of affordable housing for low-income families.

Cutbacks in recent years in federal funding for low income housing have been a critical contributing factor to increases in the number of families who are homeless in New York City and elsewhere in the country. Between 1981 and 1987, federal funding for subsidized housing programs was slashed by approximately 70 percent -- from more than 30 billion in 1981 to 7 billion during the current fiscal year. New York City received funding for 6000 new low-and moderate-income housing units in 1981; in 1986, by contrast, the City received funding for fewer than 1000 new units. As a result, the waiting list for subsidized housing in New York City has increased from 162,000 in 1981 to over 200,000 in 1988.

The Section 8 housing certificate and voucher programs have not filled the gap caused by these dramatic reductions in federal assistance for housing construction and rehabilitation. In New York City, only 3000 Section 8 housing certificates and vouchers become available each year, of which between 50 and 75 percent are returned unused to the New York City Housing Authority because of the inadequacy of assistance levels. Most of these certificates and vouchers are for single-room or one-bedroom apartments that are inadequate to meet the needs of most homeless families; the current average family size of homeless families in New York City is 3.67 persons. Moreover, since the voucher system relies on families using part of their monthly food allowance to pay for rent in excess of the voucher level, it forces families to make a choice each month between feeding their children and paying the full rent.

Not coincidentally, while the amount of federal housing assistance has been substantially reduced between 1981 and 1989, the number of homeless families sheltered by the City each night has risen from approximately 800 in 1981 to some 3,900 tonight. The number of families in the City's emergency housing system has steadily grown over the past few years largely because families are remaining in the system for longer periods of time because they are unable to locate permanent housing. The average length of stay in the emergency housing system is now approximately seven months. Families on public assistance are simply unable to obtain subsidized housing or to find private housing that can be rented at the welfare rent allowance level. Even after an increase which took effect on January 1, 1988, the rent allowance for a family of four in New York City is still only $312.00 per month.

Against this bleak background, federal efforts to simply ameliorate homelessness are not, in and of themselves, adequate to address the crisis that homeless families continue to experience. Nevertheless, there are four concrete steps that Congress can take to address the immediate food stamp needs of homeless families.

First, Congress can and should extend provisions of the McKinney Act, codified at Section 5(k)(2) of the Food Stamp Act, which prohibits inclusion of City payments made to hotel and shelter operators to rent emergency housing for homeless families. The prohibition on inclusion of these third party payments, that the City makes by vendor or two-party checks, as food stamp income expired on September 30, 1989. Unless the prohibition is extended families placed by the City in hotels who may suddenly face a loss of more than a third of their monthly food stamp allotments. For example, the monthly food stamp allotment for a family of three would be reduced from $154 to $106, while the allotments for families of four and five would be reduced from $178 to $102 and $203 to $104 respectively. It is important to note that no portion of City-issued third party payments in either vendor or two-party form can be utilized by the recipient to purchase food or other goods because the payments are not negotiable by the recipient.

Second, Congress can and should clarify that the Food Stamp Act does not permit the inclusion as food stamp income of special needs payments such as New York State's restaurant allowance, which is provided to households such as homeless families living in hotels who do not have access to cooking facilities. New York State provides homeless families with special needs payments of approximately $3 per day for children under the age of eighteen and pregnant women and $2 per day for adults as a reiumbursement for the extraordinary cost of purchasing meals in restaurants due to lack of cooking facilities. This subsistence level reimbursement payment is neither a gain nor benefit to the household, and is meant to address the need to arrange for the provision of hot meals for households who cannot cook in their housing accommodations. As a result of the Department of Agriculture's policy of including these reimbursements as food stamp income, homeless families with children suffer a decrease of one dollar in food stamp benefits for every three dollars that New York State provides the household as reimbursement for these non-normal living expenses.

Third, the inadequacy of the Thrifty Food Plan on which food stamp levels are based is a contributing factor to homelessness because it frequently leaves a family with insufficient monthly income to retain permanent housing. A review of Legal Aid Society Civil Division clients living in Brooklyn, for example, reveals that once fixed monthly costs such as rent and utilities are accounted for, a typical family of one adult and two children in New York City has only approximately $3 in cash public assistance and $5 in food stamp benefits to meet their daily food and other basic needs. Frequently the tension between paying monthly rent and feeding and clothing children leads a parent to use monies allocated for rent to meet the basic day-to-day needs of the children. The Thrifty Food Plan must be revised to ensure the provision of food stamp benefit levels that ensure a nutritious diet for family members instead of the current assistance levels that leave households in a desperate "Catch-22" situation--whether to pay the rent and avoid eviction or feed the children.

Fourth, Congress can and should amend the Food Stamp Act to reduce the time period that a household may have to wait to obtain expedited food stamp benefits. Currently, a family with children may have to wait up to five days to obtain expedited food stamp benefits. For homeless families with children waiting for such a long period can have a devastating effect on family nutrition and health. Clearly, a shorter maximum time period should be developed to prevent this result.

In closing, we welcome this inquiry into the problems of homeless families and their children. Perhaps as a result of these hearings and the recommendations that will result from them, children and their families will no longer be left homeless and hungry in squalid hotel rooms or in unhealthy and costly barracks-style shelters.

Thank you for this opportunity to present our views on this most tragic problem.

Dated: November 1, 1989
New York, New York

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DENT TEMPLES
SENIOR VICE PRESIDENT
PIGGLY WIGGLY SOUTHERN, INC./BRUNO'S

FOOD STAMP TESTIMONY

Good morning. I am Dent Temples, Senior Vice President of Piggly Wiggly Southern, a retail grocery supermarket company headquartered in Vidalia, Georgia. With me is Hardy Nathan, Director of Government Relations for the Food Marketing Institute. Most of our stores are located in Georgia as is our distribution center in Vidalia. In all, we employ approximately 5,700 people. Most of our stores are in the 25,000 - 48,000 square foot size range and we do about $600 million of volume annually. A great number of our stores are located in smaller communities in rural areas. Two years ago, we were acquired by Bruno's of Birmingham, Alabama, but we continue to operate as an independent subsidiary.

I'm here today to represent the Food Marketing Institute, as well as my company. The Food Marketing Institute is our trade association located here in Washington and counts as their members just about all of the major retailers and wholesalers in the food distribution industry, although over 80% of the membership are single store operators or small regional chains of less than 10 stores.

Let me begin by quoting the first sentence of the Food Marketing Institute's By-Laws. "The grocery retailer, from the smallest corner store to the largest supermarket company, is the purchasing agent for the consumer." We all take that commitment very seriously. That is the reason why the supermarket industry is consumer driven. And it is driven by every consumer in the nation. In our highly competitive industry, we do not differentiate among classes of consumers. Everyone's business is important to us. So it makes no difference if a customer pays for his or her groceries with cash, or food stamps, or a check or a debit card or a credit card. All of those consumers' business is important and each one is treated with courtesy and appreciation.

Having said that, we must recognize how important productivity is to us. We are constantly seeking ways to be more efficient and so deliver ever better products to our customers at lower prices. That is why we resist so strongly when outside forces try to increase our costs of doing business, for that always results in higher food prices for consumers.

Mr. Chairman, you are in the process of deciding how approximately $15 billion is going to be spent annually in America's grocery stores. This accounts for 4.5% of all the grocery business in the country, so what you and your colleagues decide in this reauthorization process is of enormous importance to us. But while many of us have personal views on America's welfare and benefit programs, as an industry there are areas about which we do not feel competent to testify. We support the food stamp program as the most efficient and effective way there is to combat hunger in America. We heartily agree with the comment that Sen. Bob Dole made about the food stamp program in 1987. He said, "The Food Stamp Program is the most significant federal social legislation since Social Security. It has more impact and does more good than any other program."

This is one of the reasons why we have been on record before your Committee and the Senate Agriculture Committee as opposing the concept of cashing out the food stamp program. Handing out cash does not guarantee the feeding of hungry children. If hunger in America is a national concern, we feel you should target a program to help solve that problem. If the program has become too complex, simplify it. If it's too bureaucratic, remove some of the layers. If there is a problem of fraud and abuse, employ new systems and increase penalties. But don't trash the program. Perhaps the solution is better targeting, but we believe that you should continue to use one of our country's greatest assets, the food distribution system we already have in place.

We do not think it appropriate for retailers to make specific recommendations as to funding levels, eligibility requirements, administrative practices or the like. We do have strong feelings about how the program ought to work in our stores, because that is our business.

During the past eight years, a long list of proposals have been made that would have impacted directly on retailers. If they surface again, we will continue to oppose them, and we thank you for your opposition. For example, we asked that you reject a retail license fee imposed on retailers who accept food stamps. You did. We asked that you not make check out clerks the policemen of the food stamp program by requiring photo IDs at redemption and you agreed. We asked you not to change the definition of a retail food store and you did not. You refused to require that retailers be bonded. On a controversial issue, you decided not to reduce the type of food that could be purchased with food stamps due, in part, to the difficulty of administering such a program in the check out lanes. And on a complex and difficult issue, we all agreed that while cash change creates problems, we were unable to fashion a better simple alternative.

Our industry remains grateful to the Congress for enacting legislation, only after the Department failed to act, that prohibited banks from charging retailers when we deposit properly bundled food stamp coupons. We strongly urge you to continue this prohibition in the new legislation.

Let me turn now, Mr. Chairman, to the area that has occupied and almost monopolized our attention for the past year or more. Members of this Subcommittee will recall that when you enacted the food stamp amendments of 1982, you included a provision that allowed the Department of Agriculture to conduct demonstration projects using electronic benefits transfer (EBT) to deliver food stamp benefits. You wisely included a provision exempting retailers from bearing the costs of any of the equipment associated with such projects. We urge you to retain that provision in your new bill. As you know, the first project undertaken was in Reading, Pennsylvania, and has been in operation for the past five years, the first year administered by the Food and Nutrition Service (FNS) and since then by the Commonwealth of Pennsylvania. Based on the general acceptance of that project, four more demonstrations were announced by the Food and Nutrition Service to begin this fall in small areas of Arizona, Minnesota, New Mexico, and Washington state. Arizona later dropped out of the program due to state funding difficulties, so we have three demonstrations left, plus a project in Maryland that I find difficult to categorize but which may or may not begin today in a small area of Baltimore.

To be blunt, Mr. Chairman, retail and wholesale food distributors have been distressed at what we have witnessed since these demonstrations were announced about a year ago. None of them are yet operational and we are not convinced that they will be as things are now. We were sufficiently concerned at the outset, that we asked the Food Marketing Institute to put together a special task force on electronic benefits transfer to define for our industry and others what we considered the main issues to be. We issued that position paper in April, 1989. On July 19, 1989, the Food and Nutrition Service responded to each point. After examining their document, we focused on one major issue and wrote to the Food and Nutrition Service and again they replied. I'd like to ask, Mr. Chairman, that all four documents be made a part of the record and printed at the end of my remarks.

The issue simply is, must every check out lane in a grocery store receive the electronic equipment to allow food stamp shoppers to use any check out lane they wish, as is now the case with paper coupons, or will they be limited to certain lanes which, of course, would have to be identified? That is the issue. Our position is every lane must be equipped for to do otherwise would identify and stigmatize food stamp shoppers which, we believe is illegal and, of equal concern, would force us to discriminate between classes of our customers. We will not do that.

The Food and Nutrition Service has told us that it is not necessary to put equipment in every lane, and that food stamp shoppers must not be discriminated against. What nobody has been able to tell us for over a year now is how do you equip only some lanes without discriminating. How do you do it without posting signs that indicate, no matter how artfully worded they may be, that all the poor people have to check out here, that, in fact, stigmatizes food stamp shoppers. Non-food stamp customers may not want to be seen in those lanes, and food stamp customers would be unduly embarrassed.

We have reached the conclusion that the Congress must include a provision in the new law directing that electronic equipment must be installed in each lane of multilane stores. Let me point out that, after a year of controversy, the contractor in Minnesota and Washington offered to equip every lane in order to break the impasse with retailers. That was fine, but we don't believe that discrimination ought to be the subject of negotiation. It is wrong and it should not be permitted.

Now, some will agree that if every lane has to be equipped, the projects will be too expensive and so not feasible. Therefore, they conclude that every lane should not be equipped. Our position is that if we must discriminate for these particular projects to be economically successful, then we ought not do these projects, but rather move on to develop systems together that are both economically sound for all concerned and also not discriminatory. We certainly stand ready to cooperate fully in the development and implementation of such plans. In fact, if retailer input had been solicited at a much earlier stage of the present demonstrations, many of this past year's problems could have been avoided.

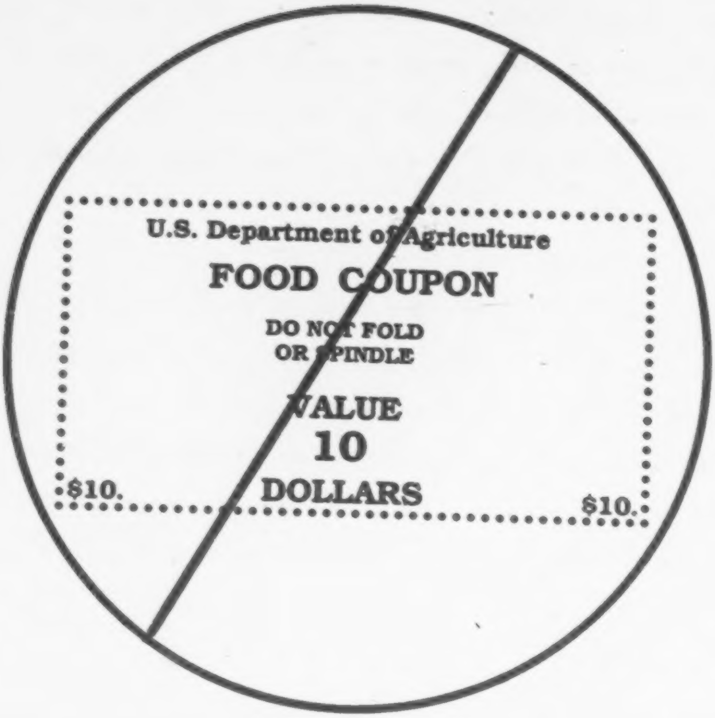
Mr. Chairman, I don't want to take the Committee's time with a long list of still outstanding electronic benefits issues, but I would like to mention two. We are all convinced that EBT and electronic funds transfer (EFT)/point of sale are the wave of the future. Many retailers currently have or are planning commercial applications of electronic funds transfer. For example, in St. Louis, most grocery shoppers will soon be able to pay for their purchase with a bank debit card. This is a growing field. Yet in the demonstration areas, fee schedules have been announced that would make it virtually impossible for retailers to establish commercial electronic funds transfer projects or to add them onto electronic benefits transfer installations except by doing business with the contractor that has been selected by the state. In other words, the state's contractor would have a virtual monopoly over all electronic activity that takes place, present or future, in the check out lanes of supermarkets. This is so unacceptable to retailers that many of them have already said that they would drop out of the food stamp program rather than agree to such a process. We recognize that this is a commercial issue that ought to be settled in the marketplace, but the future participation in the food stamp program of many retailers is in question, and that must be of concern to the Congress. We hope that in your report language, if not in the legislation itself, you ensure that free and open competition retains its vitality in our industry. The stakes are very high.

The second issue is liability. Retailers have no post-sale liability in the present food coupon system. But in an electronic system, what happens when the system goes down? Poor people can't be told to come back tomorrow. There is a backup paper system proposed, but when the main computer itself goes down, the contractor has agreed to guarantee the payment of the first $40 of a sale. The retailer then must accept the potential liability for the balance of the purchase, or return the groceries that exceed $40 to the shelves. Retailers do not understand why the liability should be theirs' when they are not responsible for system failure. We hope you would consider giving direction to the Food and Nutrition Service on this matter too.

Finally, Mr. Chairman, we all feel strongly that the states should retain the administrative flexibility to develop electronic benefits transfer systems across program lines in keeping with the unique makeup of each state. But there must be certain standards that are common to all systems. They would cover, among other things, the kinds of problems I've mentioned today. They would simply form the framework within which many different types of systems could work. We urge you to direct USDA to form an advisory group to develop such standards. The Food and Nutrition Service should, of course, be included, but perhaps the Departments of Health and Human Services and Treasury should be too. The Food Marketing Institute would be pleased to put together a representative group of retailers and wholesalers to participate. I'm certain the vendor community -- hardware, software and systems companies -- would fully participate. We recommend that no further projects be undertaken until the advisory group has reported and their recommendations acted upon. If we have standards that represent everyone's best thinking, future projects will achieve their goals.

Mr. Chairman, it's been a privilege to testify before you today. We are very grateful to you and your colleagues for having invited retailers to join the distinguished list of witnesses you've heard from in this series of hearings. We commend you, Chairman de la Garza, Mr. Emerson, Mr. Madigan and all of your colleagues on the Agriculture Committee for your dedication and thoroughness in preparing for next year's farm bill. Thank you, Mr. Chairman, and I would be pleased to try to answer your questions.

(Attachments follow:)


U.S. Department of Agriculture
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ELECTRONIC BENEFITS TRANSFER POSITION PAPER

FOOD MARKETING INSTITUTE

APRIL 1989

The Food Marketing Institute considers electronic benefits transfer a subject of great importance to all members, for it will affect the front end operations of our stores for many years to come. We have had guidance from three of our committees in this matter: Advanced Management Information Systems, Electronic Funds Transfer, and Government Relations. An Ad Hoc Committee on Electronic Benefits Transfer was formed at the beginning of the year to combine the expertise of the three Committees in focusing on the issues involved and to produce this paper. The members of the Ad Hoc Committee are:

ADVANCED MANAGEMENT INFORMATION SYSTEMS COMMITTEE

Mr. Larry Fernstrom
Vice President, MIS
Smitty's Super Valu, Inc.
Phoenix, AZ

ELECTRONIC FUNDS TRANSFER COMMITTEE

Ms. Melanie Hobden
Consumer Financial Services Manager
Safeway Stores, Incorporated
Oakland, CA

Ms. Virginia L. Miller
Treasurer
The Vons Company
Los Angeles, CA

Mr. Dean M. Potts
Senior Vice President, Treasurer and CFO
Price Chopper Supermarkets
Schenectady, NY

GOVERNMENT RELATIONS COMMITTEE

Mr. Richard Bondareff
President
Bonfeld, Inc.
Dumfries, VA

Mr. Johnathan Selzer
Manager, Corporate Planning
Super Valu Stores
Minneapolis, MN

FMI STAFF
Hardy L. Nathan
Director
Government Relations

ELECTRONIC BENEFITS TRANSFER POSITION PAPER

A new government program to deliver food stamp benefits, welfare benefits, unemployment insurance benefits and others, all electronically and all in the check out lanes or automatic teller machines (ATMs) in supermarkets is about to be unveiled in at least five areas of the country. It is clearly the intention of the government both to add additional benefits and to spread the program over a wider geographic area. This report outlines for FMI members the critical issues involved in these projects as well as changes that may be initiated by retailers to preserve the integrity of the program without destroying the productivity of the front end of their stores. We believe it is in the interest of grocers, the federal and state governments and the benefit recipients themselves for these projects to be well designed and successful. It could be disastrous to retailers to have ill conceived programs forced on them under the threat of being excluded from the food stamp program unless they promptly accept what is offered.

Background

The Food Stamp Act Amendments of 1982 gave the Secretary of Agriculture the right to substitute, in place of food stamp paper coupons, an electronic delivery system using bank-card like debit cards at retailers' check-out counters. The law explicitly provides "(2) The cost of documents or systems that may be required pursuant to this subsection may not be imposed upon a retail food store participating in the food stamp program." (7 US Code 2016(g) (1988))

Following this authorization, the United States Department of Agriculture (USDA) began a pilot project in Reading, Pennsylvania, in which all food stamp recipients in a four zip code area received debit cards and every check out lane in all stores in the pilot area was equipped with card swipes, pin pads, printers and associated telecommunication equipment. **All lanes were included in order to comply with Regulation 7 CFR Section 278.2(b) (1988), which states, among other things, "No retail food store may single out coupon users for special treatment in any way."**

After the initial year, the project was turned over to the state of Pennsylvania which is still running it. According to the lengthy evaluation done for USDA by Abt Associates, the system met with overwhelming approval from the users, the retailers, the banks and the state and federal governments. The trouble was that the cost was prohibitive and the equipment worked too slowly. The report suggested future projects include other government benefits and, where possible, piggyback on existing electronic funds transfer at the point of sale (EFT/POS) systems. USDA determined to begin additional projects following the suggestions of the report and has entered into contracts with Arizona, Minnesota, New Mexico, and Washington to demonstrate the expanded projects in limited areas. A somewhat different agreement was reached with Maryland. In all five projects, food stamp benefits and numerous cash payment benefits, including Aid to Families with Dependent Children (AFDC), general welfare, refugee assistance, unemployment, and other benefits, will be made available at checkstands. The cash benefits may also be obtained from ATMs in stores and elsewhere. There are differences among the program designs in the various states, but the general approach is similar. Each state has hired a contractor to run the program. These contractors have now contacted retailers in their states to discuss the details of the demonstrations as they have been agreed to in negotiations between each state and its contractor. **Unfortunately, there was no retailer input during these negotiations.** FMI has conducted meetings in the states with concerned wholesalers and retailers and the affected state retail and grocer associations.

It has become apparent that certain issues are causing great difficulties to retailers. Many of these issues require close and careful examination and satisfactory resolution prior to a retailer agreeing to participate in the program.

Issues

There are a number of policy issues that must be settled prior to the beginning of any of the demonstration projects. They are numbers one through eight on the following list. In addition, numerous technical issues require resolution. Some of the major ones are also listed, but the list is far from complete.

1. How many checkout lanes will receive the equipment?

When one reviews the provisions of law and regulations regarding retailer cost and non-discrimination, it seems apparent that every lane must be equipped. There is no provision to waive any non-discrimination regulations and, of course, it would take an act of Congress to change the law. Proposals for only equipping certain lanes for food stamp recipients would necessitate store signs which, no matter how artfully worded, would "single out" food stamp shoppers for "special treatment." This analysis would appear to apply regardless of the volume of food stamp business done in a particular retail store.

2. What will be the maximum response time and will it be stipulated in the retailer contract?

Response time is defined as the amount of elapsed time after the clerk and customer have entered all of the necessary information and the clerk pushes the send button, and the approval or reason for denial is received. FMI's EFT Committee has determined that a maximum response time of ten seconds is reasonable in our retail environment. A longer response time will result in a degradation in the efficiency of the stores' front end operations. So far, response time of an acceptable duration has not been provided for in any of the proposed retailer contracts.

3. How are the costs of training of store personnel to be handled?

Each state contractor is to provide training for store personnel at no cost to the retailer. But it is not clear whether this covers transportation costs and labor cost during the training. In addition, the continuous training of new personnel should be provided for. This could be an area in which retailers could have substantial ongoing training costs.

4. **If retailers disburse sizeable amounts of money to welfare recipients, will the government or the contractor provide a cash advance to the retailer at the beginning of the month to cover extra temporary cash needs?**

Disbursement of cash assistance payments may have a significant adverse effect upon retailers' cash flow. Without a cash advance system or some other means of maintaining a retailers' liquidity, the large dollar value of cash assistance payments will negatively impact interest expense (earnings) and return on assets.

5. **How will reconciliation take place and when will the retailer actually receive payment?**

If the banks and the retailers close their daily books at different times, the reconciliation of accounts becomes very difficult. In addition, an early bank closing or bank holiday may mean a two-day or longer delay in the retailers receiving credit.

6. **How and when will the change in productivity in the front end of stores be measured? If a reduction in productivity is documented, what steps will be taken to change the design of the demonstration?**

Despite the fact that retailers will no longer incur the costs associated with the handling of food stamps coupons, many new costs will accompany this new technology including such items as increased security and insurance costs. In a business with as narrow profit margins as ours, cost control and productivity improvement are essential ingredients to a successful operation. Therefore, productivity change must be closely monitored. It is not acceptable for the government to claim they are saving money if they do so by increasing the costs of retailers.

7. How will retailers who already have EFT/POS equipment be compensated?

If retailers have already made the substantial investment to equip their stores with EFT/POS terminals, the legal prohibition against retailers having to bear program costs indicate that a payment, perhaps a transaction fee, would have to be made to the retailer to cover the incremental costs of handling the government benefits transaction. Alternatively, it may be more equitable to pay the upfront cost of what USDA would have had to pay to install their own system.

8. What back up provisions will be made for times when the system goes down?

Suggestions have been made that a paper back up system requiring individual phone calls to a central number will be necessary. This will be a time consuming and awkward technique especially because the call cannot be made from the area of the check out lanes. It may also be that only $30.00 to $40.00 will be authorized per day for benefit recipients during down time. Retailers may wish to discuss whether this level of guaranteed payments is sufficient.

9. Can retailers limit the amount of cash they have to disburse to welfare beneficiaries and can the limits vary by time of day?

10. What provisions will be made to establish an audit trail?

11. Some equipment can only accept whole dollars for food stamp tendering. Welfare and other cash benefits primarily payable at an ATM are usually not for even dollar amounts. Will the contractor or the state pay for machine modification to fit the project?

12. How will customers who have been denied by the system be able to determine the nature of the problem?

13. Will the food stamp/welfare customer be provided with a regular statement? How can they keep track of their balances?

14. How many different transactions can a customer have at the check out lane? Is each transaction a separate tender?

15. Will retailers without in-store ATM's be at a competitive disadvantage?

Current Status

It is in everyone's interest to develop and maintain reliable and efficient systems for the delivery of food stamp benefits. Imposing artificial timetables and informing retailers that they must sign agreements to participate prior to the resolution of outstanding issues scarcely seems the way to get the enthusiastic support of the retailers that USDA feels is essential to the success of the projects. It would appear to be a prudent business practice to resolve differences prior to signing an agreement rather than hoping to "work it out" afterward. Retailers ought to have real input in the design of any system meant to operate in their stores. We should not be asked to improve government productivity by increasing our costs. The interests of benefit recipients must also be fully protected. It would seem inadvisable for the state and federal government to move forward on a program to which retailers agree only because they feel they have no choice. There is a choice, for if our legitimate interests are not recognized, a retailer may elect not to participate in the program. In the demonstration areas, this would result in no longer participating in the food stamp program at all. Each retailer will have to decide independently whether the loss of that business is greater than the negative consequences of an ill-conceived program.

These decisions are crucial, for retailers in every area of the country will become involved in this new method of delivering governmental benefits. Correctly designed and implemented projects now will result in positive benefits for all concerned in the future.

United States
Department of
Agriculture

Food and
Nutrition
Service

3101 Park Center Drive
Alexandria, VA 22302

JUL 19 1989

Mr. Hardy L. Nathan
Director
Government Relations
Food Marketing Institute
1750 K Street, N.W.
Washington, D.C. 20006

Dear Mr. Nathan:

This is in further response to your letter of May 22, 1989 concerning our five Electronic Benefit Transfer (EBT) demonstration projects.

As an enclosure, you will find specific responses to each of the points raised in your "Electronic Benefits Transfer Position Paper" and in your May 22, 1989 letter. Let me assure you once again that we have instructed each of the sites to negotiate in good faith with the retailers in their area, building a partnership which reflects their roles in the EBT system.

I hope we can maintain communications and jointly work to resolve these issues.

Sincerely,

G. Scott Dunn

G. SCOTT DUNN
Acting Administrator

Enclosure

FOOD AND MARKETING INSTITUTE POSITION PAPER
ISSUE RESPONSE

1. How many checkout lanes will receive the equipment?

Current plans for Point-of-Sale (POS) deployment are as follows:

Arizona	246 retailers 284 POS terminals 521 unequipped lanes (some stores already equipped)
Ramsey Co. Minnesota	250 retailers 650 checkout lanes 550 POS terminals
New Mexico	299 retailers 861 checkout lanes 350 POS terminals, 250 of which are multi-purpose
Washington	416 retailers 950 checkout lanes 803 POS terminals

Negotiations have been suspended in Arizona until a final decision is reached on project operations. The low number of terminals in New Mexico is reflective of the fact that some retailers are reluctant to make a commitment until they are sure that the system will be operational.

Final plans on deployment have not been made because site visits will determine actual requirements. Each site's implementation plan will contain their POS deployment plan. Such plans must be approved by Food and Nutrition Service and, to date, none have been. Sites realize that if planned POS deployment is insufficient to handle the volume of transactions, additional machines will have to be added. Participant implementation will be staggered to determine if sites' best guesses on POS deployment are accurate.

Our Office of the General Counsel has advised us that it is not necessary to equip every grocery store lane with a POS device. It is the right of neither a retailer nor a recipient to have every lane equipped. Two principles, however, must be adhered to when less than all lanes are equipped. First, the lanes themselves must not be designated in a fashion which would readily identify users of the lane as food stamp recipients. A fundamental part of this principle is that the lane not be one that non-food stamp shoppers would avoid. The second principle is that POS equipped lanes cannot be measurably longer, on a regular basis, than other lanes in the stores. Enough POS devices must be available to avoid lane backup at those times of the month when benefits are issued. The latter can be achieved by taking into consideration both food stamp issuance dates and redemption levels of the stores. If cash benefits are to be issued, the volume of this type of transactions must also be considered.

2. What will be the maximum response time and will it be stipulated in the retailer contract? (FMI has determined that a maximum response time of 10 seconds is reasonable.)

We are unsure how FMI has decided on a response time of 10 seconds as reasonable. Mastercard and Visa quote 18 to 25 seconds as an industry standard for POS authorization of credit card transactions. The Reading response time is between 15 and 25 seconds and the retailers are, overall, in favor of EBT over coupons.

Response time standards proposed in the sites' applications were as follows:

Washington, Md., Ramsey County, Minn.	11-15 seconds
Arizona	15-25 seconds
New Mexico	10 seconds

In terms of total transaction time, evaluation results from the Reading, Pennsylvania demonstration indicate that the transaction times for EBT and coupon purchases are virtually identical in supermarkets and grocery stores, while for convenience stores, EBT transaction times were somewhat longer. Overall, the difference between coupon and EBT transactions was 2.37 seconds.

3. How are the costs of training of store personnel to be handled?

EBT training will be provided to store personnel free of charge. Stores will have the option of sending all clerks or a representative who would in turn provide training to store personnel; some training will be done in-store. FNS has no plans to reimburse retailers either for the cost of labor during training or for transportation; current retailer training in the handling of food coupons is not reimbursed.

Information is available on initial training of retailers in Reading. Sessions of 1 hour were provided to more than 800 store owners, managers and clerks. Sixty percent of stores provided additional training to another 396 persons. There was no compensation for this start-up training by FNS.

Since, on average, store costs of participating in EBT were 25 percent less than in the coupon system, incremental training costs were more than offset by other savings.

4. If retailers disburse sizeable amounts of money to welfare recipients, will the government or the contractor provide a cash advance to the retailer at the beginning of the month?

   No. It is the retailers' decision whether or not they want to issue cash benefits from POS machines. The Federal Government will not support advance payments. However, reimbursement for such payments would be received by the retailers on the next business day. Currently, many retailers do cash welfare checks and maintain additional funds on hand to accommodate such needs at the first of the month.

5. How will reconciliation take place, and when will the retailer actually receive payment?

   In order to ensure a next business day payment, settlement will normally need to take place at 2:00 p.m. However, some vendors may be willing to set up settlement in a manner to coincide with the retailer's business day. Extension of the settlement would, however, result in payment later than the next business day. Retailer terminals have the capacity to provide receipt totals for the business day.

6. How and when will the change in productivity in the front end of stores be measured? If a reduction in productivity is documented, what steps will be taken to change the design of the demonstration?

   Abt's evaluation of the EBT on-line demonstration will focus on retailer impacts as did the evaluation of the Reading project. Data will be gathered on the following costs both pre and post-EBT implementation: checkout, coupon handling, training, accounting error, error, float, reshelving and space. In addition, a survey will be conducted shortly after project implementation to determine initial project reactions.

   If a reduction in productivity is documented, consideration may be given to a change in the design; however, the cost will be considered in the overall analysis of system operations.

7. How will retailers who already have EFT/POS equipment be compensated?

   State agencies have been instructed that all authorized retailers be informed that they are not required to bear any costs of EBT operations. Some retailers may develop cost sharing reimbursement agreements with State agencies while others may decide that the accounting necessary to support such payment exceeds the potential benefit. Clearly, retailers have room for negotiation since they are eligible to receive free POS equipment.

8. What back-up provisions will be made for times when the system goes down?

   If POS equipment is not operational, retailers will be required to perform a manual transaction similar to a credit card transaction. To verify that sufficient funds are available, they will have to call the EBT Center to receive an authorization number. There is no limit on the amount of purchase if an authorization number is given. If the retailer fails to receive an authorization number, the amount of the purchase will be the retailer's liability until an authorization number is received. In the Reading system, manual transactions accounted for 4 out of 1,000 transactions.

9. Can retailers limit the amount of cash they have to disburse to welfare beneficiaries and can the limits vary by time of day?

   Yes, to both questions. However, cash disbursements from ATM machines or another source must be on the same availability schedule offered other customers.

10. What provisions will be used to establish an audit trail?

    The EBT system establishes a clear and detailed audit trail by recording each transaction in various files and reconciling accounts on a daily and monthly basis. Detailed information will be available for 60 days on-line, with historical data archived for reference and audit. Further, journal tapes detailing each transaction are available to each retailer at every POS device.

11. Some equipment can only accept whole dollars for food stamp handling. Welfare and other cash benefits primarily payable at an ATM are usually not for even dollar amounts. Will the contractor or the State pay for machine modification to fit the project?

    If reprogramming of retailers' existing equipment is necessary to allow EBT to operate, retailers will be compensated for such reprogramming. No plans are being made to modify ATMs. While perhaps not all, undoubtedly some retailers will agree to issue cash to allow cash benefit accounts to be fully depleted.

12. How will customers who have been denied by the system be able to determine the nature of the problem?

    Terminal receipts will identify the problem, i.e., "incorrect PIN," "insufficient funds", and/or direct the recipient to his/her caseworker or to the EBT Center in problem instances.

13. Will the food stamp/welfare customer be provided with a regular statement? How can they keep track of their balances?

    A recipient will be able to keep track of his/her balance in various ways. Each transaction receipt will show balances in each appropriate account. An audio response unit can be accessed via a touchtone phone. Balance-only POS devices and ATMs can also provide balance information.

14. How many different transactions can a customer have at the checkout line? Is each transaction a separate tender?

    If the retailer has chosen to provide cash benefits using the POS machine, it is possible for a recipient to have part of his purchase paid with food stamp benefits, part with cash benefits, and part with real cash. Each POS transaction would be separate. Currently, however, many food stamp transactions involve both food stamp eligible and non-eligible items, requiring two separate transactions at the cash register. There will be no restrictions on the number of food stamp transactions a recipient can have in any one month.

15. Will retailers without in-store ATMs be at a competitive disadvantage?

    There will be no additional ATM placements for the project. Since retailers have a choice of whether they want to issue cash benefits using POS devices, they can offset any potential competitive disadvantage of not having an ATM. Stores which currently choose to cash welfare checks at this time would tend to have a competitive advantage, but they have secured this advantage through a business decision.

May 22, 1989·

1. The law provides that banks cannot charge retailers for depositing properly stamped and strapped food stamp coupons. May we assume that, under this doctrine, retailers may not be charged a transaction fee by a financial institution or its agent when the deposit is made electronically?

   In cases where a retailer does not present properly stamped and strapped food stamp coupons the banks may charge a fee. The justification for charging a retailer for not stamping or strapping is that the banks would have to do it if the retailer did not. In a purely electronic transaction, no stamping or strapping would be needed so there would be no justification for a charge. While this is our current position and we are not aware that banks have been or are considering such charges, this position has not been legally challenged.

2. Many questions have been raised about interface problems. If a retailer already has EFT/POS equipment in his checkout lanes, must the States' contractor be able to interface with the already existing system? Conversely, if the EBT equipment is in place first, and the retailer wishes to add commercial applications, must he deal through and with the States' contractor? Does this mean, in effect, that the contractor has a retail food store monopoly on electronic transaction for the demonstration area and, later, for the entire State.

   If a retailer has equipment already in place, the States' vendors will try to interface with existing equipment. In such instances, retailers can expect to negotiate a user fee representing the incremental cost of food stamp transactions. If equipment is placed by the vendor, permission for use of the equipment for commercial transactions provided by other vendors cannot be unreasonably withheld. As in the first instance, however, States' vendors would expect to receive a user's fee.

FOOD MARKETING INSTITUTE

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September 25, 1989

Mr. Scott Dunn
Acting Administrator
Food and Nutrition Service
3101 Park Center Drive
Room 803
Alexandria, VA 22302

Dear Scott,

Thank you for your letter of July 19 in response to FMI's position paper and additional question on Electronic Benefits Transfer (EBT). We have not responded previously, as both our Electronic Funds Transfer Committee and Government Relations Committee wished to review your comments. That process has now been completed, and I have been asked to communicate our members' reaction to you.

We consider that until the issue of whether or not all check out lanes will be equipped is resolved, there is no point in a detailed discussion of other issues. Therefore, our comments will be limited to this one issue.

While your letter responded to our first point, in no way was an answer provided. You state that "...it is not necessary to equip every lane with a POS device." You also state, "...the lanes themselves must not be designated in a fashion which would readily identify users as food stamp recipients." This seems to us to be a logical inconsistency. If less than all lanes are equipped, there must be signs to let food stamp recipients know which lanes to use. Especially if there is no commercial application of EFT in the lanes, how can the signs not result in stigmatizing food stamp shoppers? We would like to receive a detailed explanation from you explaining exactly how this could be accomplished. In addition, retailers who already have EFT/POS always place it in every lane. Would you propose to piggyback on all of that equipment, or only in certain lanes? If the latter, how would you direct food stamp shoppers to the correct lanes without identifying those shoppers?

In order to avoid having to repeat this exercise every time a new state wishes to deliver food stamp benefits electronically, we suggest that FNS issue standards that would apply in all cases. We would be pleased to work with you in the development of these standards. The first one should provide that all demonstration projects take place in areas in which the majority of retailers have EFT/POS equipment already in place.

We look forward to continuing to work closely with you and your associates on these matters of mutual concern.

Sincerely,

Hardy L. Nathan

Hardy-L. Nathan
Director
Government Relations

HLN/llm

United States
Department of
Agriculture

Food and
Nutrition
Service

3101 Park Center Drive
Alexandria, VA 22302

OCT 11 1989

Mr. Hardy L. Nathan
Director
Government Relations
Food Marketing Institute
1750 K Street, N.W.
Washington, D.C. 20006

Dear Mr. Nathan:

Mr. Scott Dunn has asked that I respond to your letter of September 25, 1989 concerning the Food Stamp Program's Electronic Benefit Transfer (EBT) Demonstration Projects.

In your letter, you asked that the Food and Nutrition Service (FNS) issue standards regarding the number of point-of-sale (POS) terminals which should be deployed within retail grocery stores. We are not prepared at this time to issue formal standards. The issue of POS deployment is one which will be monitored closely as we proceed through implementation and operations. Demonstration outcomes will guide us in developing standards to be used in the future should EBT become an operational alternative.

For the purpose of the EBT demonstrations, we have provided project operators an approach for estimating how many POS terminals would be needed by retailers to handle EBT transactions during peak periods. (As an enclosure to this letter, we've included a copy of the letter which was provided to all demonstration sites.) This approach was developed using information on EBT activity patterns gathered during the Reading, Pennsylvania EBT demonstration. Schedules for benefit issuances are combined with information on stores' redemption volumes and applied against these activity patterns. FNS will be using this analytic approach in reviewing site's proposed POS deployment plans. As stated in the letter to the sites, this approach should produce the best possible set of estimates for POS deployment. However, should such estimates prove incorrect either during or after project implementation, alterations in deployment plans would be required.

We would be pleased if you and other Food Marketing Institute members would take a look at this deployment approach. We appreciate your offer of assistance, and look forward to working with you as we move toward implementation of the EBT demonstration projects.

Sincerely,

Bonny O'Neil

BONNY O'NEIL
Acting Deputy Administrator
Food Stamp Program

Enclosure

Enclosure 4

AUG 15 1989

Ms. Peggy McNamara
Project Director
EBTS
Department of Human Resources
Office of Information Management
311 West Saratoga Street
Baltimore, Maryland 21201

Dear Ms. McNamara:

The enclosed documents describe an approach for estimating how many point-of-sale (POS) terminals will be needed by retailers to handle Electronic Benefit Transfer (EBT) transactions during peak periods. This analytic approach is based on EBT system observations in Reading, Pennsylvania and on assumptions about how EBT activity levels might be affected by: (1) the addition of cash assistance; (2) benefit issuance schedules; and (3) the distribution of retailers by store type in each demonstration site.

Enclosure A is a generic worksheet that identifies each step in estimating the number of terminals needed for an individual store. While each of the components and assumptions are identified in general terms, no specific numbers have been filled in. Factors for which there may be site specific information have been put in brackets.

Enclosure B illustrates the application of this approach with specific assumptions. There is both a narrative description and completed work sheet using Arizona as an example. Enclosures C and D provide explanations for the assumptions. At the back of Enclosure C, there are site projections for the number of food stamp transactions by day of month.

Terminal estimates obtained by using this approach are highly dependent on the assumptions made. Please examine them carefully and make the necessary changes if you decide to use the procedures outlined. The Agency is willing to consider alternative estimation procedures. However, all approaches must be clearly explained and assumptions identified. POS terminal needs must be identified for each participating food retailer. If current plans are to deploy more POS terminals than indicated by the formula you derive, erring on the high side of deployment is, of course, more desirable than undercoverage.

Enclosure E should be used to report to FNS on the proposed deployment plan for each individual retailer site. It will be the basis for FNS' approval of your deployment plans. As stated above, POS deployment will be based on the best set of estimates available to you. Should those estimates prove incorrect during or after project implementation, alterations in deployment plans will be required.

To reiterate the Agency's position, less than full lane coverage is not discriminatory as long as "welfare only" lanes are not established and benefit customers are not subjected to longer than normal waits because they have to use specific check-out lanes. If these ends cannot be achieved without equipping all lanes, then all must be equipped.

If you have any questions or concerns, please contact Pat Hagen at (703) 756-3517.

Sincerely,

/S/

THOMAS O'CONNOR
Director
Program Development Division

Enclosures

Attachment A

POS Estimation Procedures for Individual Retailer

WORKSHEET

Name of Store________________ Store Type____________________

1) Monthly FS trx (systemwide) ________

2) Monthly FS volume (for store in question) ________

3) Day [illegible]eak CA activity ________

4) CA activity at POS on peak day (systemwide) ________

5) Number of FS trx on day of peak CA activity ________

6) X% of Line 5 (where X = percent of FS trx during peak hour of peak day) ________

7) Line 6 / Line 1 ________

8) (Line 7)*(Store Type Factor) ________
Store Type Factor = % peak volume by store type / % peak hourly trx for entire system

Store types include: supermarket, grocery store, convenience store, other

9) (Line 8)*(Line 2) ________

10) Line 9 / (Average FS trx value for store type) ________

11) (Line 10)*(Average transaction time for store type) ________

12) Number of stores doing cash back ________

13) (Line 4)*[y] (where y = % CA transactions during peak hours of peak day) ________

14) Line 13 / Line 12 ________

15) (Line 14)*[adjustment factor] (only for stores expected to have higher CA activity at POS terminal) ________

16) (Line 15)*[M] (where M = average time for CA trx) ________

17) Line 11 + Line 16 ________

18) Line 17 / [Z] (where Z = amount of peak hour at checkout lane occupied with EBT activity) __________

19) Terminals needed for FS peak (from Step 1) __________

20) Line 18 or 19, whichever is greater __________

Thus, this store requires ______ POS terminals

[ ] = Indicates assumption that may be changed bases on site-specific data

FS = Food stamp

CA = Cash assistance

ATTACHMENT B

Terminal Deployment in an EBT System
(Arizona)

This paper proposes an approach for determining how many POS terminals to deploy in stores to serve EBT clients. The approach involves three steps. Step 1 calculates the number of terminals needed in each store to serve just food stamp (FS) activity. Step 2 calculates the total number of terminals needed systemwide to handle just cash assistance (CA) activity. Step 3 calculates the number of terminals needed in each store to handle both FS and CA activity. If a store does not participate in the cash assistance portion of the EBT system, only Step 1 is needed.

Step 1

Use information provided by FNS to calculate a store's expected monthly FS redemption volume. If some stores in the EBT demonstration area are not planning to participate in the FS portion of the system, apportion their monthly FS volume across the participating stores.

Based on experience in the Reading EBT demonstration, we have calculated the average total transaction time and dollar amount of a typical food stamp EBT transaction at time of issuance. The numbers vary according to store type (see Table 1).

Table 1

Store Type	Average Time (minutes)	Average Dollar Value
Supermarkets	4.38	$41.57
Grocery stores	1.75	$12.22
Convenience stores	1.45	$5.21
Other stores (assumed)	2.00	$15.00

Based on Arizona's FS issuance cycle, we have projected daily FS EBT activity throughout the month. This information is contained in Attachment A, and is based on a FS caseload of 6,500 and an average of 8.0 transactions per case per month. (If Arizona's FS caseload will be different than 6,500, the daily numbers in the attachment can be factored upward or downward accordingly.)

Based on the numbers in the attachment, the daily peak activity level is 2,791 transactions. Based on Reading data, up to 15 percent of the activity (or 419 transactions) will occur during the peak hour.

Using the numbers provided above, we have calculated the monthly FS redemption volume which one POS terminal can handle, if one adopts a rule that EBT activity should occupy a checkout lane for no more than 30 minutes during the peak hour. The volume varies by store type (see Table 2).

Table 2

Monthly FS Redemption Volume Handled by 1 POS Terminal

Supermarkets	$10,014
Grocery stores	$7,273
Convenience stores	$10,589
Other stores	$7,000

Thus, if a supermarket handles $50,000 of FS volume in a month, the store would need 5 POS terminals to handle the expected peak loads (i.e., 50,000/10,014 = 4.99, which rounds up to 5 terminals). The numbers in Table 2 can be used to compute the number of needed terminals for any store.

Step 2

The next step is to determine how many POS terminals are needed to handle CA activity, in the absence of any FS activity.

Based on Ramsey County data, one can expect that CA clients will make 2 transactions (withdrawals and/or balance inquiries) on the day of issuance. We assume that 50 percent of these transactions (an average of 1 per client) will be made at POS terminals.

With a CA caseload of 2,900 and a single issuance day (the 10th day of the month), Arizona can expect 2,900 CA transactions at POS terminals on the 10th. We assume that the transactions will average 1.5 minutes in length, for a total time of 4,350 minutes.

If one assumes that 25 percent of the 2,900 transactions will occur during a peak hour, then cash assistance POS terminals will be occupied a total of 725 minutes during the peak hour. With a 30-minute rule, Arizona needs at least 25 cash assistance terminals to be deployed systemwide. Because not all terminals will be used with equal frequency, we suggest a "fudge factor" of 2 to account for the busiest terminals. (That is, multiply 25 by 2.) Thus, at least 50 cash assistance terminals need to be deployed. The actual number will need to be higher to account for simultaneous use of the terminals by FS clients.

Step 3

When FS and CA transactions are combined, the peak load will be on the 10th day of the month in Arizona. We anticipate 2,900 CA transactions (at POS) and 2,540 FS transactions on that day (the FS number comes from the attachment).

No simple formula exists for determining how many POS terminals are needed on a store-by-store basis to handle both FS and CA transactions. Our suggested approach is to estimate the number of terminals needed to handle FS activity (using the framework in Step 1) and then to use the Step 2 information to see if additional terminals are needed to handle the combined FS and CA load. The approach can best be outlined by illustration.

Suppose that a supermarket in Arizona has 8 checkout lanes and does $50,000 of FS business each month. From Table 2, we estimate that 5 POS terminals are needed (each terminal can handle $10,014 in monthly FS activity).

We need to estimate how much time will be devoted to handling FS transactions at the peak hour on the 10th of the month. Take 15 percent of 2,540 (the projected number of FS transactions on the 10th) to estimate the number of FS transactions at the peak hour on this day. The result is 381. Divide this number by total monthly FS transactions (52,000 from the attachment). Multiply the result (which is .0073) by one of the following factors, depending on store type:

Store Type	Factor
Supermarkets	1.759
Grocery stores	1.862
Convenience stores	0.632
Other stores	1.150

For a supermarket, the result is .0128 (i.e., .0073 x 1.759). Multiply this number by the store's monthly FS redemption to obtain the expected dollar value of FS transactions at the peak hour on the 1st of the month. The answer is $640 for a supermarket reporting $50,000 of FS redemptions per month (i.e., .0128 x 50,000).

With an average transaction value of $41.57 for supermarkets, the number of expected FS transactions is 15.4 (i.e., 640/41.57), which we round up to 16. With an average time of 4.38 minutes per transaction, FS activity would occupy the 5 terminals for 70.1 minutes (or about 14 minutes per terminal).

We now need to estimate how many CA transactions will occur at this store at the peak hour. That is, we need to allocate 725 transactions (2,900 x .25) across all stores participating in the cash assistance portion of the system. If 100 stores participate and if all stores do an equal amount of CA transactions at the peak hour, the store would need to handle 8 transactions. Because some stores will see more CA activity than others, we suggest a "fudge factor" of 3.0. Therefore, assume that 24 (i.e., 8*3) CA transactions would be handled by the store at the peak hour.

Twenty-four transactions will require 36.0 minutes of activity (1.5 minutes per transaction) during the peak hour. Adding 36.0 minutes to the 70.1 minutes of expected FS activity yields 106.1 minutes. If each terminal can handle only 30 minutes of activity per hour, the store would need 3.5 terminals. We round up and conclude that this store needs 4 terminals to handle the combined FS and CA peak load at the end of the month. Because the store needs 5 terminals to handle the $50,000 monthly FS volume, however, 5 terminals should be deployed.

After the above calculations are done for each store planning to participate in the cash assistance portion of the demonstration, the total number of terminals should exceed 50 (from step 2). If not, more terminals need to be deployed or more stores need to be recruited.

Two worksheets are attached to simplify the process of calculating the numbers required in Step 3. One worksheet is filled out using the numbers from this example. The other worksheet is blank and can be used for calculating the number of required terminals at stores in the demonstration site.

WORKSUEET
(Arizona)

1) Monthly FS trx (systemwide) 52,000

2) Monthly FS volume (for store in question) $50,000

3) Day of peak CA activity 10th day

4) CA activity at POS on peak day (systemwide) 2,900

5) Number of FS trx on day of peak CA activity 2,540

6) 15 % of Line 5 381

7) Line 6 / Line 1 .0073

8) (Line 7)*(Store Type Factor) .0128

SM: 1.759
CS: 1.862
CS: 0.632
Other: 1.150

} = % peak volume by store type in Reading / % peak hourly trx of all Reading trx

9) (Line 8)*(Line 2) 640

10) Line 9 / Average FS trx value 15.4 → 16

SM: $41.57
CS: 12.22
CS: 5.21
Other: 15.00

11) (Line 10)*(Average time) 70.1 min.

SM: 4.38 minutes
CS: 1.75 minutes
CS: 1.45 minutes
Other: 2.00 minutes

12) Number of stores doing cash back 100

13) (Line 4)*(0.25) 725

14) Line 13 / Line 12 7.25 → 8

15) (Line 14)*(3.0) 24

16) (Line 15)*(1.5 minutes) 36 min

17) Line 11 + Line 16 106.1 min

18) Line 17 / 30 minutes 3.5

19) Terminals needed for FS peak (from Step 1) 5

20) Line 18 or 19, whichever is greater 5

Thus, this store requires 5 POS terminals

ATTACHMENT C

Estimating EBT Demo Sites' Patterns of Daily Food Stamp EBT Transactions Based on Reading EBT Data

To estimate the number of EBT POS terminals required to handle the peak number of transactions during a single hour in the month, Abt Associates has used daily transaction counts and peak hour transaction patterns from the Reading EBT project. The purpose of this document is to describe how the daily transaction counts have been calculated for each demonstration site and to serve as a backup for the site-specific documents titled "Terminal Deployment." To illustrate this discussion, the Abt spreadsheet used to calculate daily transactions for Ramsey County are included.

The Reading daily transaction counts are from March 1985, when all Reading Food Stamp recipients were issued benefits on only one day of the month. Based on the month's pattern of daily transactions following a single issuance, we can estimate the proportion of the entire month's transactions that we can expect on the day of issuance and each day after. In a sense, Reading's one issuance day and the next 30 days represent an "issuance month," which is similar to but may not exactly coincide with the actual calendar month.

For each day in March 1985 then, Abt calculated the proportion of the month's total transactions that occurred on that day. The Reading transactions on the day of issuance represent almost 10 percent (computed as a ratio of 0.095) of the month's total transactions. Not surprisingly, toward the end of the month, the daily number of transactions are less than one percent (0.006 on day 29) of the month's total transactions.

To estimate each EBT demo site's monthly total transactions, we must first assume that EBT demo Food Stamp households will make the same average number of transactions as Reading households did, that is, 8.0 transactions each month. Then we can calculate the expected number of total transactions each month by multiplying the demo site's number of Food Stamp households by 8.0. If the Food Stamp caseload is 11,000 households, then the expected number of total monthly transactions is estimated to be 88,000.

If all EBT households were issued benefits on the same one day of the month, the expected number of transactions for each day of the month--and the number of transactions on the peak day--could be easily figured. We would expect transactions to peak on the issuance day, similar to the pattern in Reading.

Estimating EBT Demo Sites' Patterns of Daily Food Stamp EBT Transactions Based on Reading EBT Data - 2

All four EBT demo sites, however, stagger Food Stamp issuance over at least the first 10 or 11 days of the month. Each site differs somewhat in how issuance is staggered over the month. Based on available information on the current procedures for Food Stamp issuance (see Attachment A for site-specific assumptions), each site's issuance pattern has been taken into account in calculating the caseload for each day of issuance and the number of daily transactions for that site.

The attached spreadsheets provide an example of how the number of transactions for each set of recipients receiving benefits on different days may be added up for each day of the month. This Ramsey County example assumes that issuance is staggered over 10 working days. In the example illustrated in the attached pages, we can assume that one-tenth of all Ramsey County Food Stamp households will be issued benefits on each issuance day.

On the first issuance day (refer to the right-hand column on the first page of the attachment), we estimate that the 1,300 Ramsey County households receiving benefits that day will make an estimated 990 EBT transactions, i.e., the number of issuance households * 8.0 transactions * 0.095155 (the Reading Day 1 proportion of total transactions). Throughout the rest of the month, we can similarly estimate the number of transactions that these same Day 1 recipients will make each day (by multiplying the number of issuance households by 8.0 transactions and by the Reading proportion of total transactions for that day).

Having established the pattern of transactions following issuance and an estimate of the day-to-day transaction counts based on the number of households receiving issuance, we can then use the same pattern and daily counts to estimate how many more transactions will occur on each day of the month for recipients scheduled for Day 2 through Day 10 issuance.

For example, the 1,300 Ramsey County recipients receiving their month's benefits on Day 2 will be expected to make the same number of issuance day transactions--990--on Day 2, while the Day 1 issuance recipients will be expected to make fewer transactions (951) on Day 2 than they did on Day 1.

Also contributing to the total number of transactions that we will expect to occur on Days 1 and 2 of this "issuance month" will be Food Stamp recipients scheduled to receive benefits on Issuance Days 3 through 10. These recipients will account for a small number of transactions on Day 1 and Day 2, however,

Estimating EBT Demo Sites' Patterns of Daily Food Stamp EBT Transactions Based on Reading EBT Data - 3

since Days 1 and 2 of this new issuance month fall at the end of their issuance cycle when they are drawing on prior months' benefits.

Based on the Reading transaction pattern, we will expect then that on Day 1 Ramsey County recipients scheduled to receive benefits on Day 3 will make 105 transactions or 0.010063 of the 10,400 total transactions they will make all month. Similarly, on Day 2 these same recipients will account for 110 transactions or 0.010532 of all the transactions they will make that month.

On the first page of the spreadsheet, the left-hand column presents the number of daily transactions observed in Reading during March 1985; to the right of this column are the proportions that each day's transactions represents of the total transactions in Reading. The center column, titled "Total Txs," is the estimated number of daily transactions for Ramsey County's caseload of 13,000 based on a 10 working day issuance schedule. From this first summary page, we can see that in Ramsey County the most transactions will be expected to occur on Day 14, the last issuance day in the cycle (since no issuance occurs on the weekend).

This then is the process developed by Abt based on information from the Reading project that has been used to:

1) estimate the daily transaction count ("Projected Count of Food Stamp Transactions" included with the "Terminal Deployment" document tailored for each of the four sites) and

2) provide the estimate of the peak day of Food Stamp EBT activity identified in the "Terminal Deployment" document.

Additional Reading information has been used to set the conservative assumption that no more than 15 percent of the Food Stamp transactions on the peak day will occur during the peak hour. In Reading, less than 12 percent of any one day's transactions occurred during the peak hour. Using 15 percent as a larger-than-observed proportion of peak day transactions to estimate the number of peak hour transactions should produce a conservative estimate of peak hour transactions.

6/1/89

Site: Ramsey County
Note: Assumes equal percentage of caseload
issued on each issuance day
FS Caseload 13000 <-- input
Number of iss. days 10
Transactions/case 8 <-- input

Date 1
Day W
input --> Issuance (1=Yes) 1
Number issued 1300

Reading Transactions	% of Total	Total Txs		
2638	0.095155	2173	1	990
2535	0.091440	3017	2	951
1938	0.069905	3521	3	727
1778	0.064134	3146	4	667
1283	0.046279	2696	5	481
1452	0.052375	3353	6	545
1411	0.050896	3988	7	529
1397	0.050391	4682	8	524
1347	0.048587	5235	9	505
1192	0.042996	5465	10	447
1095	0.039497	4902	11	411
786	0.028351	4316	12	295
963	0.034736	4912	13	361
866	0.031237	5506	14	325
627	0.022616	5150	15	235
723	0.026079	4642	16	271
590	0.021281	4058	17	221
572	0.020632	3753	18	215
357	0.012877	3483	19	134
497	0.017927	3215	20	186
493	0.017783	3022	21	185
422	0.015222	2896	22	158
435	0.015690	2632	23	163
394	0.014212	2251	24	148
361	0.013021	2130	25	135
213	0.007683	1990	26	80
327	0.011795	1776	27	123
292	0.010532	1645	28	110
168	0.006059	1628	29	63
279	0.010063	1503	30	105
292	0.010532	1310	31	110
Sum 27723	1	104000		10400

```
       1       2       3       4       5       6       7       8
       W       T       F       S       S       M       T       W
       1       1       1                       1       1       1
    1300    1300    1300       0       0    1300    1300    1300

     990     110     105       0       0     123      80     135
     951     990     110       0       0     110     123      80
     727     951     990       0       0      63     110     123
     667     727     951       0       0     105      63     110
     481     667     727       0       0     110     105      63
     545     481     667       0       0     990     110     105
     529     545     481       0       0     951     990     110
     524     529     545       0       0     727     951     990
     505     524     529       0       0     667     727     951
     447     505     524       0       0     481     667     727
     411     447     505       0       0     545     481     667
     295     411     447       0       0     529     545     481
     361     295     411       0       0     524     529     545
     325     361     295       0       0     505     524     529
     235     325     361       0       0     447     505     524
     271     235     325       0       0     411     447     505
     221     271     235       0       0     295     411     447
     215     221     271       0       0     361     295     411
     134     215     221       0       0     325     361     295
     186     134     215       0       0     235     325     361
     185     186     134       0       0     271     235     325
     158     185     186       0       0     221     271     235
     163     158     185       0       0     215     221     271
     148     163     158       0       0     134     215     221
     135     148     163       0       0     186     134     215
      80     135     148       0       0     185     186     134
     123      80     135       0       0     158     185     186
     110     123      80       0       0     163     158     185
      63     110     123       0       0     148     163     158
     105      63     110       0       0     135     148     163
     110     105      63       0       0      80     135     148

   10400
```

9	10	11	12	13	14	15	16
T	F	S	S	M	T	W	T
1	1			1	1		
1300	1300	0	0	1300	1300	0	0
148	163	0	0	186	134	0	0
135	148	0	0	185	186	0	0
80	135	0	0	158	185	0	0
123	80	0	0	163	158	0	0
110	123	0	0	148	163	0	0
63	110	0	0	135	148	0	0
105	63	0	0	80	135	0	0
110	105	0	0	123	80	0	0
990	110	0	0	110	123	0	0
951	990	0	0	63	110	0	0
727	951	0	0	105	63	0	0
667	727	0	0	110	105	0	0
481	667	0	0	990	110	0	0
545	481	0	0	951	990	0	0
529	545	0	0	727	951	0	0
524	529	0	0	667	727	0	0
505	524	0	0	481	667	0	0
447	505	0	0	545	481	0	0
411	447	0	0	529	545	0	0
295	411	0	0	524	529	0	0
361	295	0	0	505	524	0	0
325	361	0	0	447	505	0	0
235	325	0	0	411	447	0	0
271	235	0	0	295	411	0	0
221	271	0	0	361	295	0	0
215	221	0	0	325	361	0	0
134	215	0	0	235	325	0	0
186	134	0	0	271	235	0	0
185	186	0	0	221	271	0	0
158	185	0	0	215	221	0	0
163	158	0	0	134	215	0	0

17	18	19	20	21	22	23	24
F	S	S	M	T	W	T	F
o	o	o	o	o	o	o	o
o	o	o	o	o	o	o	o
o	o	o	o	o	o	o	o
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25 S	26 S	27 M	28 T	29 W	30 T	31 F
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
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0	0	0	0	0	0	0
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0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0

Projected Count of Food Stamp Transactions (Washington)

Day of Month	Transaction Count
1	1729
2	2402
3	2897
4	3350
5	3693
6	4054
7	4412
8	4806
9	5148
10	5436
11	4942
12	4382
13	4069
14	3777
15	3567
16	3333
17	3071
18	2806
19	2489
20	2267
21	2074
22	1957
23	1788
24	1637
25	1552
26	1388
27	1304
28	1214
29	1154
30	1084
31	1020
	88800

Assumptions: 11,100 Food Stamp Cases;
Issuance over first 10 days of the month.

Projected Count of Food Stamp Transactions
(Arizona)

Day of Month	Transaction Count
1	1085
2	1432
3	1685
4	1514
5	1297
6	1598
7	1880
8	2190
9	2416
10	2540
11	2278
12	1991
13	2281
14	2553
15	2791
16	2542
17	2175
18	2009
19	1802
20	1709
21	1614
22	1555
23	1426
24	1227
25	1155
26	1039
27	972
28	896
29	847
30	806
31	696
	52000

Assumptions: 6,500 Food Stamp Cases;
Issuance over first 11 business days of the month.

ATTACHMENT D

TERMINAL DEPLOYMENT WORKING ASSUMPTIONS

1. The food stamp EBT activity pattern (i.e., the proportion of the month's transactions that are expected to occur each day) for the new EBT sites will follow the pattern established by the Reading, PA EBT system at a time when all food stamp benefits were issued on one day each month.

2. The following are the site-specific data about issuance and caseload size which have been used in estimating each site's pattern of daily EBT activity:

	FSP ISSUANCE DAYS	AFDC/CA ISSUANCE DAYS
AZ	First 11 working days Prorated, supplementals every day after that	On or about 10th of the month (calendar day 10)
NM	First 10 working days (non-MR/ assume 78%) Second 10 days (MR/ assume 22%)	First day of month for non-MR (78% of total cases) Within 3 days of rec'd report for MR/ assume the remaining 22% to be spread out over second 10 days of the month
RC	First 10 working days	Next to last day of prior month for 50% households; last day of prior month 50% of households. Others (GA,MSA,ICR) on first day of month.
WA	First 10 calendar days	First day of month (calendar day 1)

	FSP ISSUANCE CASELOAD	AFDC/CA ISSUANCE CASELOAD
AZ	6,500	2,900
NM	11,000	4,000
RC	13,000	9,000
WA	11,100	7,500

TERMINAL DEPLOYMENT WORKING ASSUMPTIONS - 2

3. It is assumed that where issuance is staggered over a period of days, there are equal numbers of households receiving benefits on each day, unless otherwise specified.

4. It is assumed that the new EBT households will make the same number of transactions each month as the EBT households in Reading, i.e., 8 transactions per household each month.

5. It is assumed that no more than 15 percent of the peak day's transactions will occur during the peak hour of the day. This assumption is based on Reading data which indicate that no more than 13.8 percent of any one day's transactions occurred in a single hour.

6. Calculation for store type factor is based on data from Reading. The formula is:

   % peak volume by store type in reading
   % peak hour transactions of all Reading transactions

   The values by store type are:

Supermarkets	1.759
Grocery stores	1.862
Convenience stores	0.632
Other	1.150

7. Average FS trx value during peak hour of activity is based on observations from Reading (more specifically, time, date and purchase amounts from the transaction file. The estimates are as follows:

Supermarkets	$41.57
Grocery stores	12.22
Convenience stores	5.21
Other	15.00

8. Based again on Reading data, we estimate the average total transaction time of a typical food stamp transaction (including balance inquiries, problematic transmissions, etc.) to vary by store type as follows:

Store Type	Avg. Time (minutes)
Supermarkets	4.38 minutes
Grocery Stores	1.75 minutes
Convenience Stores	1.45 minutes
Other Stores (based on judgmental estimate)	2.00 minutes

9. Based on information from the EBT project in Ramsey County, MN, it is assumed that cash assistance recipients will make an average of four transactions a month.

10. Assuming equal availability of POS and ATM facilities in each demonstration area, it is further assumed two of the four transactions each month will be at a POS terminal.

11. It is also assumed that one of these two monthly POS transactions will be on the day of issuance; this assumption is also based on patterns observed in Ramsey County.

12. Since it is expected that some retailers will handle more cash assistance EBT transaction than others, a more conservative calculation has been built in to the estimate. That is, the average number of cash assistance transactions during the peak hour is multiplied by a "fudge factor" of 3, to account for the heavier EBT cash assistance activity at some POS-equipped retailers.

13. On the average, it is assumed that cash assistance transactions will take one and one-half minutes to complete.

14. Similar to the assumption made about food stamp peak hour activity, it is assumed that no more than 25 percent of the AFDC transactions on issuance day will occur during the peak hour, which is also assumed to be the peak hour of food stamp EBT activity for that day.

15. The final decision rule or assumption is that EBT activity (both food stamps and cash assistance) should occupy a checkout lane for no more than 30 minutes during the peak hour.

REVISED COPY

STATEMENT BY DEPUTY SECRETARY VIANN HARDY
FLORIDA DEPARTMENT OF HEALTH
AND REHABILITATIVE SERVICES
HEARINGS ON REAUTHORIZATION
OF THE FOOD STAMP PROGRAM
SUBCOMMITTEE ON DOMESTIC MARKETING,
CONSUMER RELATIONS, AND NUTRITION
COMMITTEE ON AGRICULTURE
U.S. HOUSE OF REPRESENTATIVES
November 1, 1989

Mr. Chairman and members of the Committee, I am very pleased to have the opportunity to appear here today on the subject of automated systems for the food stamp program.

I currently serve as the Deputy Secretary of Management Systems for the Florida Department of Health and Rehabilitative Services (HRS). I am also the Chairperson of the American Association of Public Welfare Information Systems Management, the data processing affiliate of the American Public Welfare Association. In both capacities, I have been able to gain a unique perspective on the design and implementation of automated welfare systems.

I would like cover several issues today, although the focus of my remarks will be on the new automated welfare system we are developing in the state of Florida. The "FLORIDA System" which stands for Florida On-Line Integrated Recipient Data Access System, as you know, will be the first system of its kind in the nation that fully integrates all of the welfare and child support enforcement programs once it is implemented in October, 1991.

I will begin by giving you some background information with respect to this system, discuss some of the features of the system, describe some of the benefits to the agency and to the client, and finally, discuss integration issues between the Food Stamps and AFDC programs.

Background

Approximately 900,000 of the State of Florida's 12 million residents receive some form of public assistance. Specifically in the Food Stamp program, the State of Florida had 254,721 households participating in State fiscal year 1989. That included 644,326 individuals and approximately $438.5 million in food coupons. The average allotment per household was $143.39 and $56.78 per individual per month.

HRS clusters Florida's 67 counties into 11 districts to facilitate local program administration. Each district varies in land area covered, number of local offices, number and types of programs, local office organization, and populations served.

The demands on HRS-administered programs are projected to increase over the coming five years. Current population trend analyses show that Florida has become the fourth most populous state. With these population increases, the caseloads in virtually every program have increased accordingly.

Over the years, HRS has attempted to keep pace with the expansion in service programs and the state's ever-increasing population through the development of stand-alone systems. This program-by-program automation has resulted in duplication of effort, ineffective communication among systems and an inability to track recipients across systems. These system deficiencies contribute to the relatively high error rate (over 9 percent currently in the Food Stamp program) and increase the department's administrative burden.

From a programmatic standpoint, the newly designed FLORIDA system will represent a significant change to the delivery of services to the state's citizens. By the application of state-of-the-art technology, HRS will better position itself to respond to the growth and changing needs of program recipients and to the mandates of federal and state regulations.

More importantly, FLORIDA will provide HRS with a platform which will assist management in the way that the programs are ultimately managed. FLORIDA will be a management information system designed to provide HRS executive personnel with the level of comprehensive information needed to manage and control the complexity and size of its programs.

The likelihood that HRS will achieve its goals through the implementation of the FLORIDA system is high, considering the findings of a General Accounting Office (GAO) study which stated:

> "Automated benefit eligibility and delivery systems reduce program costs in two ways. Administrative costs are reduced by improving the efficiency of the systems and benefit outlays are reduced by lessening incidences of fraud or error. Savings are particularly high in the case of integrated eligibility systems." (GAO/AFMD-84-18, February 2, 1984).

The United States Congress historically has encouraged automated systems development in the states. Specifically, Food Stamp systems development was encouraged through passage of enhanced funding legislation in 1980 (P.L. 96-249) because of the cost savings which could be achieved through automation. A 75 percent federal matching rate was established.

Some efforts have been made recently to eliminate this enhanced federal matching rate for automated public assistance systems in the interest of cost savings. However, elimination of enhanced funding for development of these systems will actually result in increased costs to both the states and federal government due to higher administrative costs because of states' inability to automate manual processes.

I'll explain: Most recently, the mandates contained in the Family Support Act of 1988 virtually require integrated automated systems for AFDC and other public assistance programs. Currently, 44 states are receiving enhanced federal financial participation for public assistance systems development. Eighteen (18) states are currently completed and certified for Family Assistance Management Information Systems (FAMIS) and 26 are in the planning, development or implementation phases of these systems. Most of these systems which are in the planning stages will integrate the Food Stamp and AFDC programs.

During on-site visits to Alaska and Wisconsin, Florida personnel determined that these states had experienced the following major benefits due to automated public assistance systems:

o Between 1980 and 1982, Wisconsin's caseload increased by 44 percent. A one percent increase in staff was necessary to handle the larger caseload. One year after the system was implemented, Alaska's caseload grew by 10 percent and no additional staff were required.

- The Wisconsin system was implemented in 1980 with a 6.6 percent error rate in AFDC and a 13.8 percent error rate in Food Stamps. In 1983, Wisconsin's AFDC error rate was 3.9 percent and in Food Stamps the error rate was 8 percent.

- Similar reductions have been experienced in Alaska. For example, the payment error rate in Alaska's AFDC and Food Stamp programs decreased by 50 percent and 42 percent respectively after implementation of the new system.

- Before the Alaska system was implemented, 30 percent of the eligibility worker's time was devoted to manual paperwork. The allocation of time to such duties now is less than 5 percent.

Procurement Process

Beginning in 1987, the State of Florida conducted a comprehensive and thorough planning process for the FLORIDA system project. One of the overriding goals of the planning process was to create an entirely integrated on-line system that would meet the current and future needs of the Department. The Development Advance Planning Document contained detailed functional and technical requirements that were approved by the participating federal agencies and presented to the vendor community. The key features of the system were as follows:

- The system must integrate all program applications (AFDC, Food Stamps, Medicaid, Child Support Enforcement, Project Independence and Refugee Assistance) into a single system;

- The system must be true transfer approach and be federally certifiable. Time and budgetary constraints did not allow for excessive development work; and

- The system must assist the front line caseworker through on-line information, eligibility calculations, tracking capabilities and other time saving features.

The results of a rigorous and thorough competitive procurement process was the selection of a proposal by Electronic Data Systems (EDS) to transfer the integrated Public Assistance and Food Stamp CRIS-E system from Ohio and the SETS system from Prince Georges County, Maryland. CRIS-E performs the functions related to the Client Registration Module and Public Assistance Module, while the SETS performs the Child Support Enforcement Module related functions.

Description of the FLORIDA System

The FLORIDA System will be implemented statewide in October, 1991. Once implemented, the system will replace fourteen (14) manual and automated systems. Florida's current AFDC and Food Stamp automated systems are twenty (20) years old.

FLORIDA consists of three software application modules that will be fully integrated so as to be transparent to the end user of the system. The three modules which literally contain hundreds of features are the:

- Client Registration Module;
- Public Assistance and Management Information Module;
- Child Support Enforcement Module.

I will now give a brief overview of the first two modules because they directly relate to the Food Stamp program.

The FLORIDA client registration module will serve both the public assistance intake process and the child support enforcement case initiation process. In this module, common screening and case number assignment requirements will be met regardless of which program or service is requested by the applicant. The design of the client registration module offers a flexible integration of the Public Assistance and Child Support

Enforcement modules that is also capable of expansion to other HRS programs.

The Client Registration Module performs:

- **Intake Processing - with prior contact checks and the automatic appointment scheduling feature;**

- **Automated Verification - which include not only the IEVS interfaces required by federal regulations but also other state and federal agencies. There are a total of 34 different interfaces with 72 different functions;**

- **Cross-Domain Processing - which actually tracks the physical location of case records and automatically transfers or assigns cases to new locations;**

- **Archiving and Backup - with FLORIDA maintaining 60 months of traction history, 15 months on-line and 45 months off-line; and**

- **Identification and Handling of Food Stamp expedited services cases which are identified at the time of registration and receive immediate consideration. The system establishes expedited service deadlines which are tracked for reporting purposes. The system also tracks expedited service timeliness standards and notifies the worker of approaching deadlines.**

Computer generated notices to clients are issued when decisions are made.

FLORIDA with over 8,000 workstations statewide will provide a fully automated public assistance system supported by a common database structure. The Public Assistance Module will allow for an automated same day interview process that collects the information necessary to perform eligibility determinations and benefit calculations. The system will then generate and track benefits, update and redetermine benefits and eligibility, automate client notices, and provide alerts to the workers. No longer will the worker have to manually do this work.

The FLORIDA system practices an outreach concept. During registration, every public assistance applicant will be screened for eligibility for an expedited interview for food stamps or emergency financial assistance for housing. Those meeting the criteria will be seen that very day with the goal of receiving program benefits within three to five working days. Emergency Assistance will be issued the same day. Using information from a one page Request for Assistance form, the interviewing clerk will enter information about the entire household so that eventually an automated determination of potential benefits can be done for each household member. The individual providing the information is considered to be the primary information person. No household member will be screened out.

During client registration, the system performs a statewide clearance and prior contact check for each listed household member. Using the social security number and soundex check the system will attempt to clear each person with known history to the department. FLORIDA will not permit entry of the same social security number for different individuals and until all discrepancies are cleared up, exit from the system client registration process cannot occur. With the information from the prior contact screen, staff can determine what other services household members have received - an ability which will encouraged and aid inter-program coordination and cooperation.

The FLORIDA Public Assistance Management Information Module will support the following programs:

- o AFDC (including Foster Care)
- o Food Stamps,
- o Project Independence (Florida's JOBS program)
- o Medicaid, and
- o Refugee Entrant Assistance Program (RAP).

To support these programs, the Public Assistance Management Information Module of FLORIDA will be automated to the fullest possible extent. The automation of this module results in positive benefits to the worker, the client, the State of Florida, and the participating federal agencies. This next section will discuss some of these benefits.

Benefits of the FLORIDA System

The major benefits which the state expects to derive from the system fall into three broad categories:

- Improved service to clients in the form of accurate eligibility determinations and timely first payments;
- Improved operational efficiency throughout the Department which will reduce program errors and achieve savings; and
- Less paperwork and the elimination of redundant and unnecessary tasks which will reduce staff cost.

It is assumed that the expected benefits will be experienced after FLORIDA has been operational for one complete year.

The FLORIDA system will positively impact the Food Stamp program in the following areas:

- It will provide better response to the growth and changing needs of program recipients;
- Easier implementation of federal and state regulatory requirements;

- Stabilization of staff turnover which in turn stabilize worker experience level -- the staff turnover rate in the Florida Food Stamp program is currently 30 percent;

- Enhance program initiatives to assist clients to become self sufficient so that they no longer need public assistance.

- Relieve the administrative burden associated with current system problems which include program-by-program automation.

- Reduce clerical duplication of effort;

- Improve ability to track recipients across various programs within the department; and

- Reduce errors and improve program efficiency.

Direct Benefits to Clients

In addition to providing substantial benefits to the state and federal agencies, the food stamp client will directly benefit from the new FLORIDA system:

- The client will experience a "one-stop shopping" concept. That is, the client will only have to see one worker to assist them with their problems, compared with several workers today.

- Eliminates the burden of redundant data collection through a single interactive interview process which collects information for eleven program areas.

- Faster processing of applications due to on-line verifications capabilities and less paperwork to complete. Currently, a Food Stamp client waits seven (7) days on the average for an interview, whereas the FLORIDA system will provide same day service.

- Automated notification to other service areas (for example, JOBS and Child Support Enforcement) without involving the expenditure of additional time of the part of the client. While the client is present and willing, Child Support Enforcement will become immediately involved. Immediate involvement with the JOBS program (Project Independence) will be started;

- Services to clients will be conducted in a more efficient and timely manner -- Currently the average application process for a new client is approximately 1.32 hours. With FLORIDA that time involved should be reduced 22 percent or down to 1.03 hours. More complicated transactions such as recertification processes will result in even greater time savings;

- The need for multiple interviews and verifications will be eliminated;

- Transportation problems to multiple office locations will be eliminated. This is true especially for the elderly and disabled population; and,

- A deterrent stimulus that will assist in the reduction of errors due to fraudulent and/or erroneous reporting of information.

Cost Savings as a Result of FLORIDA

There are substantial cost savings to be realized with the implementation of the FLORIDA system. Development costs of the system are estimated to be $81.1 million ($62.6 million federal share and $18.5 million state share). However, savings are estimated to be $105 million annually after the first year of operation which means that the system will pay for itself within this two years. These cost savings will be realized in the following areas:

- Reduction of errors in payment to recipients;
- Reductions in welfare fraud;
- Increased child support collections; and
- Staff cost avoidances.

Substantial savings are expected to result through the reduction of error rates. Areas which contribute to these error rates are incorrect policy application, failure to follow-up on inconsistent information, inadequate or untimely verification data, and client failure to report accurate information. FLORIDA addresses each of these areas.

Error rates will be reduced by 47.1 percent in the Food Stamp program, 48.5 percent in the AFDC program and 20.7 percent in the Medicaid program as a result of implementation of the FLORIDA system.

Currently, in the Florida Food Stamp program, the combined under/over issuance error rate is approximately 9.3 percent. With the implementation of the FLORIDA system, the error should be reduced to a rate of 5.0 percent. In dollar terms, this is a reduction from $40 million to $22 million, which translates into substantial dollar savings in the Food Stamp program alone of $18 million per year.

As was mentioned earlier, there will be staff cost avoidances due to FLORIDA. As could be expected, a large part of the predicted time savings are to be gained in the areas of eligibility determination, forms completion, and paperwork handling.

Based on its detailed examination of time standards for performance of basic functions at the field office level, the State of Florida concluded that time savings by Public Assistance Specialists (PAS), using the capabilities of the proposed system, would total 498 person-years for AFDC, 262 person-years for Food Stamps, and 299 person-years for Medicaid based on the current workload. In dollar terms over a single year, this time represents $32.7 million dollars in salaries, fringe benefits, and expenses. This time savings will not only save the state and federal government in dollars, but allow Public Assistance Specialists to devote more time to assisting the client.

Integration of the AFDC and Food Stamp Programs

An important issue to states which are in the process of designing or implementing automated public assistance systems is the issue of integration with Title IV-A systems. Current eligibility standards make integration difficult which has led to the present fragmentation of automated systems across program lines.

The FLORIDA system is supported by a generic worker concept. Therefore, in order to minimize the problems associated with workers remembering multiple program policies, the system design includes multiple program policy knowledge. The system makes a lot of policy decisions for the workers, i.e., determining assistance groups, computing eligibility and benefit levels. We are including AFDC and Food Stamp conformity issues as we design our system. If the state has an option on the conformity issue, then we take advantage of that option to make the two programs similar.

However, automation does not alleviate the need for conformity across programs. Workers still must be able to understand the program policy in order to explain it to clients. The programs count resources such as vehicle differently, making a client eligible for services in one program and not in another. Monthly income is handled differently in the two programs causing confusion for workers and clients.

I would like to offer the following four recommendations:

First, I urge the Congress to encourage reform to allow integration of systems across programmatic lines in order to provide better services for our clients.

Second, I recommend that the Congress facilitate the continuation of enhanced federal funding for automated systems. The Family Support Act of 1988 placed emphasis on the need for integrated systems in order to enable clients to gain self-sufficiency through JOBS programs, Child Support Enforcement and medical assistance. Although many states have integrated Public Assistance and Food Stamp automated systems, Florida will be one of the first to fully integrate the other components. Thus, enhanced automated funding is needed to encourage states to quickly implement these integrated systems to facilitate self-sufficiency. Without this enhanced funding, potential cost savings cannot be realized.

Third, I recommend the elimination of the Advanced Planning Document (APD) federal approval process on regular match automation. The time and expense that goes into this process at both the state and federal levels detracts from the energy and emphasis that should be placed on development of these integrated automated systems and causes a needless paperwork burden.

Finally, I recommend the addition of incentives to states to encourage expeditious development of integrated systems by providing enhanced federal financial participation for operation of these automated systems once implemented--incentives similar to those currently in Title IVA, AFDC and Title IVD, Child Support Enforcement.

Similarly, the ability to expense, rather than depreciate expensive data processing equipment, would encourage states to step up their automation efforts.

Thank you, Mr. Chairman.

REAUTHORIZATION OF THE COMMODITY DONATION PROGRAMS IN 1990 FARM BILL

WEDNESDAY, NOVEMBER 15, 1989

House of Representatives,
Subcommittee on Domestic Marketing,
Consumer Relations, and Nutrition,
Committee on Agriculture,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:35 a.m., in room 1300, Longworth House Office Building, Hon. Charles Hatcher (chairman of the subcommittee) presiding.

Present: Representatives Staggers, Espy, and Emerson.

Staff present: Alice Devine, minority associate counsel; Glenda L. Temple, clerk; Julia M. Paradis, Anita R. Brown, and Lynn Gallagher.

Mr. Hatcher. The hearing will come to order.

Good morning to all of you. We have an ambitious schedule for this morning and for tomorrow as we begin to take testimony on the Federal commodity donation programs prior to their reauthorization next year as a part of the farm bill. I welcome all of you witnesses and others and thank you for your interest in these important programs.

I have a statement which I will insert into the record, but just let me say I look forward to hearing from you witnesses today and tomorrow and learning of your recommendations on how we might make the commodity distributions programs more efficient and effective. These are very important programs and I welcome the opportunity that reauthorization presents us to review them. Mr. Emerson.

[The statement of Mr. Hatcher follows:]

OPENING STATEMENT
BY THE HONORABLE CHARLES HATCHER
CHAIRMAN, SUBCOMMITTEE ON DOMESTIC MARKETING,
CONSUMER RELATIONS, AND NUTRITION
HOUSE COMMITTEE ON AGRICULTURE

NOVEMBER 15 - 16, 1989

GOOD MORNING. WE HAVE AN AMBITIOUS SCHEDULE FOR THIS MORNING AND TOMORROW MORNING AS WE TAKE TESTIMONY ON THE FEDERAL COMMODITY DONATION PROGRAMS PRIOR TO THEIR REAUTHORIZATION NEXT YEAR. I WELCOME YOU ALL AND THANK YOU FOR YOUR INTEREST IN THESE IMPORTANT PROGRAMS.

AS MOST OF YOU KNOW, MOST OF THE COMMODITIES DONATED TO DOMESTIC FOOD PROGRAMS ARE ACQUIRED BY THE FEDERAL GOVERNMENT UNDER THE AGRICULTURAL SURPLUS REMOVAL AND PRICE SUPPORT PROGRAMS. SOME COMMODITIES ARE PURCHASED. PROGRAMS RECEIVING COMMODITIES INCLUDE CHILD AND ELDERLY NUTRITION PROGRAMS, SOUP KITCHENS, FOOD BANKS, SUMMER CAMPS, NEEDY FAMILY PROGRAMS ON INDIAN RESERVATIONS, CHARITABLE INSTITUTIONS, LOCAL FOOD DISTRIBUTION AGENCIES OPERATING COMMODITY SUPPLEMENTAL FOOD PROGRAMS, THE TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM, AND DISASTER RELIEF SUCH AS WAS NECESSARY AFTER HURRICANE HUGO AND THE CALIFORNIA EARTHQUAKE. ABOUT 8 PERCENT OF THE FEDERAL EXPENDITURE FOR DOMESTIC FOOD PROGRAMS IS IN THE FORM OF COMMODITY DONATIONS. IN 1989, THAT EXPENDITURE AMOUNTED TO APPROXIMATELY $1.5 BILLION.

THESE COMMODITY DONATION PROGRAMS FULFILL TWO PURPOSES.

THEY HELP TO FEED THE HUNGRY AND THEY HELP MAINTAIN STABLE FARM PRICES. IN THE EARLY 1980'S, WITH EXPENDITURES FOR FEDERAL FOOD ASSISTANCE PROGRAMS DOWN AND INVENTORIES OF GOVERNMENT-HELD COMMODITIES UP, DONATIONS OF AGRICULTURAL COMMODITIES INCREASED. DURING THE LAST SEVERAL YEARS WE HAVE BEEN FACED WITH DWINDLING SUPPLIES OF EXCESS COMMODITIES. OUR CHALLENGE IS TO MAINTAIN THESE DONATION PROGRAMS, WHILE RECOGNIZING THAT THE AVAILABILITY OF HIGH LEVELS OF COMMODITIES CANNOT BE GUARANTEED. WE MUST DETERMINE THE APPROPRIATE ROLE OF THE AGRICULTURAL COMMODITIES DISTRIBUTION PROGRAMS IN THE TOTAL FEDERAL EFFORT TO MEET THE FOOD NEEDS OF THE POOR AND DISADVANTAGED OF THIS COUNTRY.

I LOOK FORWARD TO HEARING FROM THE WITNESSES OVER THESE TWO DAYS AND LEARNING THEIR RECOMMENDATIONS ON HOW WE MIGHT MAKE THE COMMODITY DISTRIBUTION PROGRAMS MORE EFFICIENT AND EFFECTIVE. THESE ARE IMPORTANT PROGRAMS, AND I WELCOME THE OPPORTUNITY THAT REAUTHORIZATION PRESENTS US TO REVIEW THEM.

Mr. Emerson. Thank you, Mr. Chairman. I endorse your remarks and have a statement of my own which I would like to submit for the record in particular recognition of the fact that we are probably on a tight time frame here this morning. I will not delay us by reading it myself, but will submit it for the record.

[The statement of Mr. Emerson follows:]

STATEMENT OF THE HONORABLE BILL EMERSON

SUBCOMMITTEE ON DOMESTIC MARKETING, CONSUMER RELATIONS, AND NUTRITION

NOVEMBER 15, 1989

THANK YOU MR. CHAIRMAN. OUR HEARING TODAY CONTINUES THE SERIES OF HEARINGS THAT YOU HAVE SCHEDULED IN PREPARATION FOR REAUTHORIZATION OF THE SEVERAL U.S. DEPARTMENT OF AGRICULTURE FOOD ASSISTANCE PROGRAMS NEXT YEAR. THIS TWO DAY HEARING CONCERNS THE COMMODITY DISTRIBUTION PROGRAMS. THE SUBCOMMITTEE IS RESPONSIBLE FOR SEVERAL COMMODITY DISTRIBUTION PROGRAMS, INCLUDING THE TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM, OR TEFAP, AND THE COMMODITY SUPPLEMENTAL FOOD ASSISTANCE PROGRAM.

THESE ARE EXTREMELY IMPORTANT PROGRAMS AND, I BELIEVE, ARE COMPATIBLE WITH OTHER USDA OPERATED FOOD ASSISTANCE PROGRAMS, SUCH AS THE FOOD STAMP PROGRAM.

THE PURPOSE OF THE TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM (TEFAP) IS TWOFOLD: TO REDUCE LARGE INVENTORIES OF U.S. DEPARTMENT OF AGRICULTURE SURPLUS COMMODITIES AND TO STABILIZE MARKETS **AND** TO PROVIDE WHOLESOME FOOD TO PEOPLE IN NEED. SINCE THE INITIATION OF TEFAP, MORE THAN 5 BILLION POUNDS OF SURPLUS

COMMODITIES, WORTH OVER $5 BILLION, HAVE BEEN PROVIDED TO STATES FOR DISTRIBUTION TO NEEDY FAMILIES AND INDIVIDUALS. IN 1988, THE AMOUNT AND TYPE OF COMMODITIES AVAILABLE THROUGH TEFAP BEGAN TO PHASE DOWN DUE TO THE REDUCTION OF THE LEVEL OF SURPLUS COMMODITIES.

BECAUSE OF MY CONCERN ABOUT TEFAP AND KNOWING HOW IMPORTANT THAT PROGRAM IS TO THE PEOPLE OF THE 8TH DISTRICT OF MISSOURI AND THROUGHOUT THE UNITED STATES, I BELIEVED THE CONGRESS MUST ACT TO ENSURE CONTINUATION OF COMMODITY DISTRIBUTION AS A PART OF THE USDA FOOD ASSISTANCE PROGRAMS. PUBLIC LAW 100-435, THE HUNGER PREVENTION ACT OF 1988, AUTHORIZED THE PURCHASE OF $120 MILLION WORTH OF COMMODITIES FOR HOUSEHOLD DISTRIBUTION THROUGH TEFAP AND $40 MILLION WORTH OF COMMODITIES FOR SOUP KITCHENS AND FOOD BANKS IN 1989 AND 1990.

IN 1989 THESE COMMODITIES INCLUDED CANNED BEANS AND PORK, EGG MIX, RAISINS AND PEANUT BUTTER. IN ADDITION, FLOUR, BUTTER AND CORNMEAL CONTINUED TO BE AVAILABLE THROUGH TEFAP. COMMODITIES FOR DISTRIBUTION TO SOUP KITCHENS AND FOOD BANKS INCLUDED CANNED PORK, POTATOES, CANNED PEARS, CANNED ORANGE JUICE, AND SWEET POTATOES, AS WELL AS SEVERAL OTHER ITEMS.

IN 1990, COMMODITIES THAT ARE EXPECTED TO BE PURCHASED FOR TEFAP INCLUDE PEANUT BUTTER, RAISINS, CANNED BEANS, CANNED GREEN BEANS, AND CANNED PORK. ADDITIONALLY, BUTTER, FLOUR, CORNMEAL AND HONEY SHOULD BE AVAILABLE IN FISCAL YEAR 1990. FOR SOUP

KITCHENS AND FOOD BANKS THE COMMODITIES EXPECTED TO BE MADE AVAILABLE IN 1990 INCLUDE CANNED PEACHES, CANNED APPLESAUCE, CANNED CORN, CANNED PORK AND PEANUT BUTTER.

IT IS MY HOPE THAT THE CONGRESS WILL CONTINUE AND EXPAND THE PROGRAMS THAT PROVIDE FOR THE DISTRIBUTION OF COMMODITIES TO NEEDY PEOPLE. OUR WITNESSES TODAY WILL PROVIDE THE SUBCOMMITTEE WITH AMPLE EVIDENCE OF THE NEED TO CONTINUE THESE PROGRAMS AND TO PROVIDE THE OPPORTUNITY FOR NEW PROGRAMS TO BE INITIATED.

I WISH TO MAKE SPECIAL REFERENCE TO TWO OF THE SUBCOMMITTEE'S WITNESSES. FIRST, MICKEY WEISS IS A FINE EXAMPLE OF SOMEONE IN THE PRIVATE SECTOR WHO HAS GIVEN HIS TIME, MONEY AND EFFORT TO HELP NEEDY PEOPLE. MR. WEISS ESTABLISHED AND FUNDED THE CHARITABLE DISTRIBUTION CENTER IN THE LOS ANGELES WHOLESALE MARKET SO THAT EDIBLE BUT NOT SALEABLE FRUIT AND VEGETABLES COULD BE MADE AVAILABLE TO NEEDY FAMILIES. IN THE TWO YEARS OF OPERATION OVER 14 MILLION POUNDS OF FOOD HAVE BEEN DONATED TO THE NEEDY.

NEXT, I WISH TO MAKE NOTE OF ANOTHER WITNESS, ELEANOR JOSAITIS, THE ASSOCIATE DIRECTOR OF FOCUS: HOPE. FOR THE PAST TWENTY YEARS MRS. JOSAITIS AND FOCUS: HOPE HAVE PROVIDED FOOD, THROUGH A PARTNERSHIP WITH THE USDA, TO NEEDY MOTHERS, CHILDREN AND SENIOR CITIZENS IN DETROIT. SHE AND HER ORGANIZATION HAVE A STORY TO TELL AND ONE THAT I AM ALWAYS PLEASED TO HEAR.

I WELCOME ALL OF OUR WITNESSES AND LOOK FORWARD TO HEARING THEIR STORIES.

THANK YOU MR. CHAIRMAN.

Mr. HATCHER. Thank you, sir. Our first panel here this morning consists of Mr. G. Scott Dunn, who is Acting Administrator of the Food and Nutrition Service, the USDA here in Washington; Mr. Daniel D. Haley, Administrator of the Agricultural Marketing Service, USDA here in Washington; and Mr. Bob Sindt, Assistant Deputy Administrator, Commodity Operations of ASCS, the USDA here in Washington. I will recognize you gentlemen in the order in which I called your names.

I will tell you and the other witnesses here today that we will have your written statements and they will be made a part of the record in their entirety. We are going to operate under the 5-minute rule as closely as we can in taking testimony this morning. If we are not completed by 10:50 a.m., we are going to recess, so that Mr. Emerson and I can attend the Joint Session receiving Lech Walesa from Poland. So keep that in mind as we proceed. Mr. Dunn.

STATEMENT OF G. SCOTT DUNN, ACTING ADMINISTRATOR, FOOD AND NUTRITION SERVICE, U.S. DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY GEORGE BRALEY, ACTING ASSOCIATE ADMINISTRATOR

Mr. DUNN. Thank you very much, Mr. Chairman, Mr. Emerson. It is a pleasure to be here this morning as we begin consideration of the 1990 farm bill in the area of commodity donation programs. The administration is committed to providing food to improve the nutritional status of children and needy adults.

The Food and Nutrition Service currently makes commodities available to participants in the child nutrition programs, needy families on Indian reservations, the Commodity Supplemental Food Program and the other commodity donation efforts.

I will just briefly mention, as you requested in your letter of invitation, what the response of the Food and Nutrition Service (FNS) was to the recent disaster situations that have occurred in the United States and in the territories.

FNS has the authority to provide food assistance to victims of disasters when requested by a State or disaster relief agency. There are three main kinds of food assistance provided by FNS in disaster situations: food for congregate feeding generally released by State officials from school inventories; food packages for household distribution, in areas in which the Food Stamp Program is not in operation, in Presidentially declared major disasters and emergencies when commercial food channels have been significantly disrupted; and Emergency Food Stamp issuance for households in designated areas after commercial channels have been restored or if they had not been disrupted in the first place.

FNS provided a combination of all three types of disaster assistance to the victims of Hurricane Hugo and congregate feeding and emergency food stamps to the victims of the earthquake which struck the San Francisco Bay Area.

In the Virgin Islands, FNS provided USDA commodities through congregate feeding sites on all three islands. In addition, FNS authorized the issuance of emergency food stamps to disaster victims throughout the Virgin Islands, once commercial food channels were restored.

In Puerto Rico, the food needs of Puerto Rico's disaster victims were met entirely through congregate feeding operations at as many as 165 shelters. In addition, Puerto Rico's Nutrition Assistance Program also provided $100,000 to disaster victims at the end of September.

In South Carolina, FNS made available over 450,000 pounds of commodities to disaster relief organizations for congregate feeding. When congregate feeding was not sufficient, due to the inability of most people to get to the feeding sites, household distribution of commodities in all or parts of eight hard-hit counties began. And when food stores began to reopen, FNS began approving all or parts of 23 counties, covering nearly half the State of South Carolina, for emergency food stamp assistance.

In California, USDA commodities were again used in the wake of the California earthquake and emergency food stamps issuance began in Santa Cruz and San Benito counties.

In the basic child nutrition programs, children participating in the national school lunch, breakfast and the other programs, receive commodity donations in addition to the cash funding for meals. Food is donated to meet children's nutritional needs and preferences and to help stabilize markets and utilize agricultural surpluses.

Over the past several years, USDA has concentrated its efforts on making the commodity program as responsive to participants as possible. We have implemented the provisions of the Commodity Distribution Reform Act and WIC Amendments of 1987, as well as making numerous improvements to specifications under which commodities are purchased, packaged and delivered.

The USDA also operates the Food Distribution Program on Indian Reservations which acts in lieu of the Food Stamp Program for those persons living on or near Indian Reservations. It also operates the Commodity Supplemental Food Program (CSFP) which is designed to aid low-income women, infants and children during critical periods of growth and development. This program was expanded by the Food Security Act of 1985 to provide benefits to eligible low-income elderly.

In CSFP, the Department provides a prescribed food package offering food designed to supplement the diets of the target population. And USDA, of course, also provides food to charitable institutions.

Touching briefly on the Temporary Emergency Food Assistance Program or TEFAP, the donation of surplus foods to households was begun in 1981 to reduce excessive inventories of surplus commodities, especially cheese. The Hunger Prevention Act of 1988 altered the original purpose of the program by requiring $120 million to be spent for the purchase and distribution of commodities in fiscal years 1989 and 1990.

The Department also provides commodities to food banks and soup kitchens, as well, providing $32 million in funding in 1991. As part of a continuing effort to improve commodity operations within the Department of Agriculture, a task force was established in 1987 to review commodity distribution and pursue the improvement of USDA's Food Distribution Program.

The three agencies responsible for commodity operations, FNS, the Agricultural Marketing Service, and the Agricultural Stabilization and Conservation Service focused on concerns from recipient agencies participating in school food assistance programs. The role of the task force has since expanded to address commodity distribution issues for all programs receiving commodities. The task force has worked to improve communication, increase the variety and quality of foods, offer better packaging and delivery systems, and to improve State Distributing Agencies' performance.

Mr. Chairman, Mr. Emerson, we believe that USDA has a good commodity distribution system in place, and we look forward to working with you and the committee to improve the delivery system to assist those in need. Thank you very much.

[The prepared statement of Mr. Dunn appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you, Mr. Dunn, for your testimony this morning. Mr. Haley.

STATEMENT OF DANIEL D. HALEY, ADMINISTRATOR, AGRICULTURAL MARKETING SERVICE, U.S. DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY KENNETH C. CLAYTON, DEPUTY ADMINISTRATOR

Mr. HALEY. Mr. Chairman, Mr. Emerson, we also appreciate the opportunity to appear before your committee and give you an overview of the Agricultural Marketing Service's role in purchasing commodities for the various commodity donation programs.

Let me just say from the outset, and to add a little perspective, FNS, as you just heard, basically runs these programs. ASCS is involved in the distribution and AMS's role is basically that of buying agents or the purchasing agents for these programs.

The Agricultural Marketing Service (AMS) purchases commodities with funds appropriated by section 32 of the act of 1935, as you know, and with funds appropriated to the Food and Nutrition Service for commodity purchases under section 6 of the National School Lunch Act and other authorities, such as the Hunger Prevention Act of 1988.

AMS purchases surplus commodities with section 32 funds in order to encourage their domestic consumption, thereby helping to stabilize market conditions. The commodities acquired are furnished to FNS to meet the needs of the National School Lunch Program and other domestic feeding programs.

Mr. Chairman, my written testimony includes summaries of our section 32 purchases by commodity groups in fiscal year 1987, 1988, and AMS purchases for the various commodity donation programs by dollar value in fiscal year 1988, and the purchase of commodities for the TEFAP program and, food banks for 1989 under the Hunger Prevention Act. So I will not go into those in any detail.

But let me talk just a little bit about purchasing decisionmaking which, I think, is of interest to you. Purchases are coordinated with FNS to assure that the quantity, quality, and variety of commodities purchased can be used in domestic feeding programs. In the spring, FNS advises AMS as to the amount of section 6 funds to be obligated for school lunch entitlement commodities in addition to section 32 school lunch entitlement commodity funds.

The AMS coordinator discusses with persons responsible for commodity buying in each of the three involved AMS divisions—that is, the Fruit and Vegetable Division, the Livestock and Seed Division, and the Poultry Division—the supply and price prospects of various agricultural commodities to be considered for purchase and distribution to schools during the upcoming school year.

AMS considers information received from FNS about food needs and desires of recipients in making purchase recommendations and decisions. Before making preliminary recommendations on commodities to be purchased, AMS officials analyze USDA crop reports, market news reports, industry publications, and we compare production costs with market prices and supplies. In addition, the supply and price outlook for the various commodities often is discussed with commodity economists in the Economic Research Service, World Agricultural Outlook Board, and the National Marine Fisheries Service. These analyses and discussions help decisionmakers determine which commodities should be bought and in what amounts they may be available.

When purchases are made of a commodity which is experiencing low market prices, recipients receive more product with the expenditure of a given amount of money than they would have if prices were higher. Additionally, USDA is able to help farmers by removing some of the surplus supplies. The commodities to be considered for purchase by AMS are determined by a number of factors including: what has been traditionally donated; what is desired or requested by the schools; and what products the commodity specialists believe need price assistance.

Let me just emphasize here in my mind through my review that basically the schools are our clients and the whole process here is driven by their changing needs and desires, and we will continue to try to be receptive.

These tentative decisions are reviewed by personnel of the Food Distribution Division in FNS. Then what happens is a purchase plan is prepared which sets forth the commodities to be bought, the estimated volume, and the projected cost. This plan is preliminarily approved at a quarterly commodity procurement meeting attended by AMS, FNS, and the National Marine Fisheries Service.

Before any section 32 funds may be obligated for the procurement of commodities, approval by the Secretary is required. Primarily during the winter, spring, and early summer, AMS develops, clears, and prepares specifications and purchase announcements. Input is received from FNS's Nutrition and Technical Services Division and the Food Distribution Division. If by chance unforeseen marketing situations develop, plans are altered, that is, increased or decreased as necessary and as permitted, with offsetting adjustments made in other items in the overall purchase plan as feasible. Also the purchase plan is reviewed and fine-tuned as necessary at other interagency commodity procurement meetings.

Before the purchase plan is authorized by the Office of the Secretary, it must first be approved by the Office of the General Counsel and the offices of the Assistant Secretaries for Food and Consumer Services and Marketing and Inspection Service.

While remaining cognizant of our surplus removal responsibilities, we have endeavored to be responsive to nutritional concerns and food handling requirements of schools and other recipients. We are currently analyzing the recommendations submitted by the National Advisory Council on Commodity Distribution, and where feasible and desirable have begun to implement some of those recommendations.

Mr. Chairman, this concludes my statement. At the appropriate time, I will be happy to answer any questions.

[The prepared statement of Mr. Haley appears at the conclusion of the hearing.]

Mr. **Hatcher**. Thank you, Mr. Haley. Our next witness is Mr. Bob Sindt.

STATEMENT OF ROBERT H. SINDT, ASSISTANT DEPUTY ADMINISTRATOR, COMMODITY OPERATIONS, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. **Sindt**. Thank you, Mr. Chairman, Mr. Emerson. I am pleased to appear before you today representing the Agricultural Stabilization and Conservation Service (ASCS), and to discuss with you the role and responsibilities of ASCS in the various commodity distribution programs administered by the Department. I will attempt to summarize my statement and to try and highlight the role and responsibility that CCC commodities play in the domestic distribution programs.

ASCS is the main agency within the Department responsible for carrying out the activities of CCC dealing primarily with farmers in implementing and operating the statutory commodity price support programs. We have price support programs for corn, oats, rye, barley, wheat, grain sorghum, soybeans, cotton, rice, sugar, tobacco, peanuts, wool and mohair, and dairy. The operation of these programs will from time to time result in the acquisition by CCC of individual commodities.

These commodities are then stored by CCC in commercial warehouses located throughout the country until such time as they can be used in domestic or foreign sales and donation programs. There are several authorities that I would like to summarize for you relating to disposition as we get the general outline here to highlight for you how the CCC commodities become available to the domestic programs.

First and probably foremost, CCC, generally, has an authority to make all of its acquired commodities available for sales to individuals and entities to meet commercial demands. Also, the Secretary has a number of discretionary authorities. Section 416 of the Agricultural Act of 1949 allows him to donate commodities for use in various domestic programs, including school lunch and charitable institutions, and a number of others.

The commodities are also made available for use in the Public Law 480, Title II, Food for Peace foreign donation program annually. The Temporary Emergency Food Assistance Act of 1983 requires that commodities that are in excess of certain statutory requirements, including sales obligations and domestic and foreign assistance program needs, will be made available for feeding the needy as a supplement to other assistance programs.

There are also specific legislatively mandated sale requirements that require the sale of certain commodities, primarily dairy products. Also, there is the section 416 authority for donating minimum levels of commodities to the extent that they are available to be given away in our foreign donation program.

Currently, CCC provides commodities to 14 different programs administered by FNS which Mr. Dunn has already indicated. Those commodities are provided by CCC in one of two ways: either they are supplied as a bonus after it has been determined that the commodity is in such excess supply that it can be given away to the applicable domestic programs; or the commodities are acquired from either CCC owned inventories or from the commercial market place using funds appropriated to FNS. It is important to note that CCC, in our activities, will only supply or purchase those products and commodities for which a price support program exists. The nonprice support commodities, as Mr. Haley has mentioned, are provided by AMS.

Within our operation, our Kansas City Commodity Office (KCCO) is the main operational hub for activities dealing with acquisition, warehousing, transportation, processing, and disposition of all commodities. Generally, we will receive orders from AMS and then either allocate—excuse me from FNS—receive the commodity orders for the programs and then we will proceed to fill the orders in one of three methods: (1) allocating the commodities directly from CCC held inventories such as making bulk cheese or butter available; (2) entering into contracts to have CCC-owned commodities processed, such as processing bulk cheese into consumer sized 5-pound loaves of American cheese or processing our honey for distribution; or (3) actually making open market purchases of price support products, such as pasta, cereal products, vegetable oil, peanut products, flour and corn products. Hopefully, this process will then result in the timely procurement and delivery of commodities to the States or to the individual program locations.

Mr. Dunn has already mentioned the commodity distribution task force established by former Secretary Lyng. ASCS was very pleased to participate in that effort as a part of the task force. We have also taken a number of initiatives which we feel have helped to improve the program. Attachment A to my statement has a comprehensive list of those initiatives. I will not go into them specifically, but only say that they include such things as increasing product quality and functionality, improving packaging, providing new products, increasing unitization for the ease of handling of the recipients, and a more coordinated procedure for the delivery of commodities—what we feel is more foreseeable in a timely fashion.

The specific availability of ASCS commodities for donation to the domestic programs has depended in large measure upon the level of CCC-owned stock. Factors in recent years have combined to make some fairly drastic reductions in the level of CCC-held stocks. The success of the Food Security Act has led to a major reduction in those stocks. The lack of loan forfeitures or purchases of products, as in the case of dairy products, has minimized inventory of those products and has minimized our ability to make products available for donation as bonus items.

It must be stated that the operation of the price support programs do not necessarily always coincide with the needs of the commodity distribution programs to increase the volume of donated commodities. We are concerned that we do not loose sight of the underlying objectives of the commodity support programs which are to stabilize, support and protect farm income and prices and to help maintain balanced and adequate supplies of agricultural commodities, their products, foods, feeds, and fibers.

I see that my time is running here. I have summarized the levels of donated products in my statement. We have provided in school year 1989—school and fiscal year—735 million pounds of bonus commodities. Also, we provided, through purchases with entitlement funds, 530 million pounds of products valued at $208 million.

I might say that in the upcoming school year and fiscal year, we have bonus items that will be butter, corn flour, wheat flour, and honey. They are the only items that we will have available. This year, we project that we will make 491 million pounds available with an approximate value of $308 million to those programs. We are not able to give any specific projections at this time for the future, other than to say that projected levels of butter and corn inventories indicate that in the foreseeable future butter and cornmeal would be made available to the programs.

Mr. Chairman, since my time has run, I will conclude my statement at this time and just say we are very proud to play a role in the success of the commodity distribution programs and are pleased to be a part of the program which benefits the U.S. farmer, and all the citizens who receive its nutritional advantages. Thank you.

[The prepared statement of Mr. Sindt appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you very much for your statement. Mr. Dunn, the commodities to be purchased for TEFAP and for soup kitchens and food banks under the Hunger Prevention Act is determined to some extent, I assume, by what ASCS or the CCC has in the way of commodities; is that correct?

Mr. DUNN. Yes, sir.

Mr. HATCHER. Beyond that, do you make the decision at FNS as to what other commodities would be best to purchase and in what amounts?

Mr. DUNN. We work with the Agricultural Marketing Service and ASCS to determine what foods would be appropriate and in supply to provide to charitable institutions—food banks, food kitchens.

Mr. HATCHER. I see. I know that the success of some of the programs in recent years has limited what you have had to distribute, especially I hear complaints about the lack of cheese and things that the people had enjoyed being able to get. But, as some of the written testimony I read indicated, it is good to have the programs working, even though you may have a side effect that is not so good.

Mr. Sindt, I was very pleased to see ASCS purchase such a substantial amount of peanut butter. I wonder how that came about. Did that have anything to do with abundance or just a good product or what?

Mr. **Sindt**. Mr. Chairman, in the haste to fall within my time, which I did not, I neglected to mention the purchases of peanut butter specifically under the Hunger Prevention Act of 1988. I believe that that came about during the process as Mr. Dunn has described. In reviewing the potential products that might be available, it appeared to us to be a likely product. We assessed the industry and concluded that there appeared to be a reasonable supply of peanut butter that we could acquire.

There were also provisions as I recall in the act that require a high nutritious product, and, in looking at all those factors, peanut butter was. Its availability also led to us deciding to make it available.

Mr. **Hatcher**. I appreciate that and would like for you to keep that in mind in the next fiscal year and beyond because it is a very nutritious product.

Mr. **Sindt**. I might add, we are projecting removal of about 84 million pounds of peanut butter with the Hunger Prevention funds currently this fiscal year.

Mr. **Hatcher**. Thank you very much. Mr. Emerson.

Mr. **Emerson**. Thank you, Mr. Chairman. Mr. Chairman, I have questions I want to ask, but in the interest of time I realize that it is not going to be possible for operating under the 5-minute rule. So I would ask unanimous consent at this time to be able to submit questions in writing, if necessary, to all of our witnesses and that their responses together with the questions be made a part of the record of these hearings.

Mr. **Hatcher**. So ordered for you and other members of the subcommittee.

Mr. **Emerson**. Thank you, Mr. Chairman. I do have a couple here that are of particular importance. Mr. Dunn, I want to ask you and anyone else should feel free to comment on this. As you know the Department expects to provide about 900 million dollars' worth of commodities, including bonus commodities for the school feeding programs this year. This represents about 20 percent of the total funds provided for these programs. There are already several sites that operate cash or commodity letter of credit school lunch programs, and I personally question the need for more of these. It is my belief that the use of either cash or commodity letters of credit for a specified agricultural product cannot provide the market stability to a producer with a surplus on hand.

Do you think that if a school system wants total cash or a letter of credit system, rather than accepting commodities for a portion of their Federal benefit, that they should receive any bonus commodities?

Mr. **Dunn**. This issue, of course, has come up in the past when the cash and commodity letter of credit sites were operating. With the passage of H.R. 24 and its enactment into law, the commodity letter of credit (CLOC) sites and cash sites will continue for several years, while modifications to those operations are made in order to be able to try and address some of the concerns that have been expressed by agricultural interests in the specifications, timing, delivery, and so forth of purchases and by the distributions.

In terms of providing bonus commodities in bonus form or letters of credit, those are the kinds of things that we will be taking a look at as we study those modifications to the CLOC system in the next school year.

Mr. EMERSON. That was rather an evasive answer and we will look forward to working with you as you work your way through these considerations. My fundamental point here is that I am looking to efficiency and delivering a nutritious diet to our school children. I think that there is a very appropriate place in the system for commodities and I want to ensure a continuation of an adequate amount of commodities in the School Lunch Program.

Mr. DUNN. Yes, sir, we are committed to do that.

Mr. EMERSON. I did not mean to be critical in saying that your answer was evasive, I guess I would have anticipated that. There are a lot of factors out there that have to be dealt with that you have to take into account. But I want to impress upon you here at the beginning my interest in commodities and say that I hope that we can work together as you move forward in your deliberations on this subject.

Mr. DUNN. Absolutely, sir, we would be more than happy to work with you and the committee.

Mr. EMERSON. Also having just made my speech about commodities, you know that also I am a strong believer in the Commodity Distribution Program. I feel that they serve a need, especially for the elderly, that the Food Stamp Program does not meet or for a variety of reasons cannot meet. It seems to me that the Commodity Supplemental Food Program can fit the needs of the elderly population as well as those of women and children, and I want to ask you to be thinking as we move forward into rewriting the law, how we can best address those needs with commodities.

For example, can we shift some of the funding of the commodities around to allow CSFP sites for the elderly. I would like to address that and other questions of that sort. Now I want to take this opportunity also to thank the representatives from the Food and Nutrition Service for their assistance in the food bank demonstration projects. My own personal familiarity with these demonstration projects and my close attention to how they are working leads me to believe that perhaps these food bank demonstration projects should be enhanced and expanded.

I say this based particularly upon the operation of the pilot project that operates in my district known as the Boot Heel Food Bank. It is a model example. We serve 16 counties and I think 116 different social service entities through the Boot Heel Food Bank, and it is just a model operation. It gets food to people who need food who otherwise would not have a source for it. I think that in our domestic feeding programs nationally there may be a gap here that we can fill and fill very effectively.

I want you to keep up the good work in that regard and please know that we who are concerned about the Boot Heel Food Bank would always welcome more commodities of any and all types for their operation. It really does some very good demonstration things, and we want to continue to improve upon the good work that has already been done. Thank you very much.

Mr. HATCHER. Thank all of you for being here and for your testimony. Our next panel is Mr. James L. Solomon, commissioner of South Carolina Department of Social Services, Columbia, South Carolina; and Mr. Robert Vessey who is director, disaster services for the American Red Cross from here in Washington, DC.

We would like to welcome you gentlemen and lady here today. I assume you were in the audience when I indicated that your written statements would be made a part of the record in their entirety. And we would ask you to proceed however you wish, in your own words in presenting your testimony.

STATEMENT OF JAMES L. SOLOMON, JR., COMMISSIONER, SOUTH CAROLINA DEPARTMENT OF SOCIAL SERVICES, ACCOMPANIED BY GWEN KUHNS, EXECUTIVE ASSISTANT

Mr. SOLOMON. Mr. Chairman and members of the committee, we are very pleased to have this opportunity to testify on the distribution of Federal commodities and the implementation of the Emergency Food Stamp Program during the relief efforts in South Carolina following Hurricane Hugo. We provided you with a packet of information. I wish to highlight certain portions of this information and to present some recommendations for future food stamp disaster operations.

As you know on September 21, 1989, Hurricane Hugo hit South Carolina with a devastating force. Some of the immediate effects can be found in the following figures. Twenty-four of the 46 counties in South Carolina were declared disaster areas by President Bush; 1.8 million of our citizens were adversely affected by the storm. There were 24 deaths. There were 270,000 persons in South Carolina left jobless and there were 220,000 power outages. The total estimated damages in South Carolina ranged between $4 and $5 billion with severe damages to homes, schools, the timber industry, the tourist industry and to agriculture.

In terms of the chronology of events, we began implementation of the emergency plan for the Department of Social Services prior to the date that the storm hit by assembling volunteers and delivery trucks that would be used in distributing USDA commodities to disaster areas. The storm hit South Carolina on September 21, and within 24 hours, trucks began the delivery of commodities to counties that were the most severely hit. Over 400 tons and a half a million dollars' worth of food were delivered in 7 days to Berkeley, Charleston, Clarendon, Dorchester, Lee, Orangeburg, Sumter, and York Counties in South Carolina.

Also the South Carolina Department of Social Services worked very closely with the American Red Cross in making food available for congregate feeding sites. You have in your handout a list by county of the food distributions made. Let me just say that in the 8 counties most severely damaged, 244,000-plus persons were fed in soup kitchens, 569,000-plus households were provided commodities and that makes a total of 813,000 people that received food either through food kitchens or direct distribution of commodities.

Grocery stores were without power during this time in many of the disaster areas. So we began immediately to talk with FNS staff over the weekend about setting up procedures for the emergency issuance of food stamps once power was restored. We would like to emphasize the level of cooperation provided by FNS out of its Atlanta office. Staff from that office came to South Carolina on September 25, and remained in South Carolina through October 9, and collaborated with our staff in developing procedures and agreement on a very short application form for the issuance of emergency food stamps.

On September 25, the procedures and the application had been finalized and were in place. Beginning on September 26, we trained State office staff to go out into the counties to train county staff on emergency food stamp distribution. These staffs were trained on the 26th and 27th and began training in the counties on the 27th and 28th.

You have details on the counties for the submission of the additional data that is required for the USDA declaration to issue emergency food stamps. I will just say that in seven counties, there was a 1 day turnaround on the request by both Federal authorities here in Washington and in Atlanta, and within 2 days of the request the emergency food stamp procedures were in operation in the various counties. And on several occasions, approval was obtained on the same day and operation began on the following day.

We would like to emphasize that one concern was having enough emergency food stamps to meet the demand. To address this concern, FNS and the department of social services arranged for the transfer of $22 million in food stamps to South Carolina from Mississippi, $50 million from Pennsylvania, and $27 million from Texas. The transfer of these stamps were logistical nightmares and required the cooperation of the Governor's office, elected officials, and the National Guard in getting them transferred, packaged and issued.

Also, with respect to trying to alleviate long lines and reduce the possibilities for panic in disaster areas, it was determined that 607 additional staff people were required to effectively issue these food stamps. These staff persons were provided from a number of sources.

I see that my time has rapidly expired and most of this information is in your packet—all of it. I would mention that every effort was made to ensure accountability, both on the front end and the back end of the emergency food stamp distribution.

I would like to take just a few moments to call your attention to the recommendations for future activities which are found in the next to last page of our handout. We wish to recommend that the States and Federal Governments work together in preparing disaster policies and procedures and have them in place well in advance of any disaster, and that periodic reviews and training be conducted on these polices and procedures. My understanding is that we are still operating under proposed regulations in these areas.

We would also recommend that Federal staff be provided on site in States where severe disasters occur. We could not have accomplished what we accomplished in South Carolina had not the Federal staff been on site to collaborate with us on the spot in the decisions regarding procedures for implementation of the emergency food stamp program.

We would further recommend that the authorization period for food stamps be from 3 to 5 days with extensions available. To keep issuance offices open for an extended period after the initial crises has been met presents considerable accountability problems. I think we all know that you cannot legislate or mandate morality and honesty, and the more time dishonest people have to plan then the more problems one has.

I would again recommend that accountability systems be in place during and after disaster relief operations, and we would further recommend that current food stamp recipients should receive their normal food stamp allotment, and if they qualify, should also be eligible for disaster stamp issuance. And we would recommend a better system among the States to assist in providing the resources needed to meet emergencies.

And finally, Mr. Chairman and members of the committee, we wish to note that the emergency commodities must be an integral part of the disaster operation, and regulations should allow flexibility so that if necessary both disaster commodities and disaster food stamps can operate simultaneously in a county. We found that in counties where there was disaster, major disaster in one part and not so major in another, that there was a need to issue commodities and emergency food stamps in the same county simultaneously, and under current regulations that is not possible.

I apologize for taking so long, but those of us in the South talk slow.

[The prepared statement of Mr. Solomon appears at the conclusion of the hearing.]

Mr. Hatcher. You packed a lot in there.

Mr. Solomon. Thank you very much. We will answer questions at the appropriate time.

Mr. Hatcher. Thank you for your testimony, Mr. Solomon. Mr. Vessey.

STATEMENT OF ROBERT D. VESSEY, NATIONAL DIRECTOR, DISASTER SERVICES, AMERICAN RED CROSS

Mr. Vessey. Mr. Chairman and members of the committee. I appreciate the opportunity to appear before you to tell you about our experience on the recent disasters in using USDA commodities.

Although the Red Cross has no written statement of understanding with the U.S. Department of Agriculture, we have had a long and cooperative relationship dating back to 1927. The American Red Cross and the U.S. Department of Agricultures are signatories to a letter of agreement to develop and maintain Federal response capabilities under the plan for Federal response to a catastrophic earthquake. We developed an exercise element of that plan in close association.

Since September 17, 1989, when Hurricane Hugo struck the U.S. Virgin Islands and then proceeded to seriously affect Puerto Rico, the Mainland United States, principally in North and South Carolina, the American Red Cross has been engaged in a massive relief effort. The Red Cross like the governments involved found its human and material resources severally stretched by Hurricane Hugo. On October 17, 1989, in the early evening hours, an earthquake occurred in Northern California which stretched those resources even further.

Since September, the Red Cross has sheltered 173,000 persons—some of them still sheltered today—served 10 million meals and given emergency financial assistance to over 125,000 individuals and families. Over 8,000, Red Cross paid and volunteer staff have been involved in these relief efforts. The food commodities from the Department of Agriculture were a major factor in the ability of the American Red Cross to provide feeding for disaster victims at fixed locations and through mobile feeding.

My statement summarizes our experience in our three operations and the Federal Government had one other operation, they broke down the Virgin Islands and Puerto Rico separately, whereas we had mastered the two as part of one operation. And I think it gives an adequate account of our experience.

What I would like to summarize and to emphasize is that our experience with the Food and Nutrition Service personnel, working with the Red Cross, was that they were very helpful and resourceful in meeting our requests. Their emergency orientation and concern about meeting the food needs of disaster victims was greatly appreciated.

I think in an era when it is common to beat Federal employees over the head, it is important to say that these people really care about their jobs and their duties and the American people, and they showed it with their action. We believe the USDA commodity program is an essential component of the response to the needs of the American people in time of disaster.

As we review our experiences on these operations, we expect to be able to improve our response. We look forward to working with USDA personnel, particularly those of the Food and Nutrition Service to improve our capacity as a Nation to respond to potential catastrophic events. Thank you.

[The prepared statement of Mr. Vessey appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you very much. Mr. Solomon, I know you have been very busy lately and we appreciate you taking time to be here today. I gathered from your testimony that the relief in the relationship to the Federal agencies, especially FNS worked fairly well or even better than that in South Carolina?

Mr. SOLOMON. It worked exceptionally well, Mr. Chairman and members of the committee. I must join my colleagues here in expressing our appreciation. I mentioned the number of staff people that were required to be deployed in the disaster counties. Fifty-plus of those staff people were from the FNS staff in Atlanta. Interestingly enough, when those staff were sent to us, they were sent to us as our employees and worked under the direction of the State department of social services, in this disaster area. There were also staff persons sent in from neighboring States—Georgia, North Carolina, and Virginia—and I mentioned the cooperation of other States in providing additional stamps.

But I cannot speak too highly of the level of cooperation both at the Secretary's office here in Washington and the regional office in

Atlanta in meeting this challenge. It was a tremendous challenge for us. We have never faced anything like this. We could not have gotten through it as well as we did without the level of cooperation that we received from Federal authorities.

Mr. HATCHER. I am glad to hear that it did work so well. I and, I am sure, the other committee members appreciate the specific recommendations you made toward the end of your testimony for the future.

Mr. Vessey, I know you have been a very busy man and thank you for taking time to be here today. Mr. Emerson.

Mr. EMERSON. Thank you, Mr. Chairman. You have both anticipated my questions. I am delighted to have the recommendations that you have made. You know in addition to my responsibilities as a member of this committee and having concern about the operations and the programs over which we have purview, my congressional district happens to sit on the worst earthquake fault of the country and it would have grave implications for Mr. Espy as well. So what you have said here is of value to us as we are working with our own local disaster relief people, who because of your experience and the California experience, have had heightened their concern about the Federal response in situations such as these tragic national disasters.

So I want to thank you for the valuable testimony that you have given us, and say also, Mr. Solomon, your statement was particularly well outlined. The use of the visual aids in your prepared statement made a lot of dry statistics come very much alive and I want to thank you for your innovation in presenting your testimony in that manner.

Mr. SOLOMON. Thank you, sir. I wish I could take credit for it, but my able staff persons are the ones who did that and I will pass on to those back home your comments.

Mr. EMERSON. Thank you.

Mr. HATCHER. Why do you not introduce the staff that you have with you, Mr. Solomon.

Mr. SOLOMON. This is Ms. Gwen Kuhns. Ms. Kuhns is an executive assistant at the department of social services for our economic services program for both the Food Stamp, AFDC and Commodities Program. I thought you were going to ask some tough questions, so I brought along my answers. I also have with me Dr. Bill Middleton who is our deputy. Bill oversees not only the economic services program, but the implementation of the new JOBS program in South Carolina is his responsibility. They are both very able people and they have very able staffs.

Mr. HATCHER. We welcome you two here today. Mr. Espy.

Mr. ESPY. Thank you, Mr. Chairman. As a member of Congress from the largest growing producer of pond raised catfish in the world, I want to acknowledge the good will of the folks of South Carolina and the commissioner of agriculture in Mississippi did dispatch several tons of catfish to supply to the rescue effort and just want to thank you for allowing us to do that.

Mr. SOLOMON. We want to thank Mississippi because not only did they contribute supplies of food, but they helped us with food stamps. We could not have done it without them.

Mr. **Espy**. I am glad to do it. Perhaps this question could be better asked to the Food and Nutrition Service, and I apologize for not being present when the Assistant Secretary or the Acting Administrator testified, but this raises the whole question of how well locally grown commodities are used in the TEFAP program. We have been working with the Mississippi Department of Public Welfare to examine the possibility of using locally grown commodities for distribution through TEFAP. And I am told that there are a lot of barriers to this system to make sure that these items are not perishable, that they can be stored, and so forth.

Mr. Solomon, what has been your experience with local producers in using their commodities through TEFAP and other commodity programs?

Mr. **Solomon**. We have had no experience in South Carolina with—correct me if I am wrong—locally grown commodities except those which may have come back to us from the Department of Agriculture.

Mr. **Espy**. Excuse me, you said you have had no experience?

Mr. **Solomon**. No experience.

Mr. **Espy**. Do you have a problem with that? Do you not think that we ought to use local products?

Mr. **Solomon**. I certainly would agree with you that we ought to use local products and I would be very much interested in going back home and investigating the availability of local products for this program. And I would certainly be very pleased to work with the committee and others in implementing such an effort.

Mr. **Espy**. Do you have any knowledge of the department of public welfare there in South Carolina? Have they experimented with this? Do they have any projects underway? Have you ever communicated with FNS?

Mr. **Solomon**. I regret to say that I believe that I must answer no to all of those questions. I am a little apologetic in doing this because after mentioning it, it seems like something that we really ought to look into.

Mr. **Espy**. I would think so. I really would, and we have been working locally with the FNS to make sure that we would have a little greater sensitivity to our local needs and local concerns and the use of locally owned commodities. Again, I do understand some of the problems with the perishable items, but it would just seem to me because of the benefit in reduction in transportation costs and the fact that it is local, that it would not spoil as fast, that we could really do a little bit better job than we have been doing with it. So, I would encourage you, Mr. Solomon, to investigate that and I will do the same from my end in Mississippi.

Mr. **Solomon**. We will be in touch with our colleagues in Mississippi to share their experiences in this area.

Mr. **Espy**. Thank you. Thank you, Mr. Chair.

Mr. **Hatcher**. Thank you, gentlemen, again and Ms. Kuhns. Our next panel consists of Ms. Foylen Bryant, assistant staff director for food distribution at Florida Department of Health and Rehabilitative Services, testifying on behalf of the National Advisory Council on Commodity Distribution. I understand that she is from Jacksonville or Tallahassee?

Ms. **Bryant**. Jacksonville.

Mr. **Hatcher**. It is close to my district.

Ms. **Bryant**. South Georgia.

Mr. **Hatcher**. Right. But I think that over half of south Georgia was there last Saturday.

Ms. **Bryant**. Yes, they were smiling when they went home.

Mr. **Hatcher**. As usual. Mr. B.W. Ray, director of food distribution division, North Carolina Department of Agriculture, testifying on behalf of the National Association of State Agencies for Food Distribution, and he is from Raleigh, North Carolina, and is accompanied by Ms. Patricia Phillips, as the Washington representative for the Association. Mr. Richard Pasco, director of legislative affairs for the National Pork Producers Council, testifying on behalf of the Commodity Coalition, here in Washington, and he is accompanied by Mr. Marshall Matz of Holland and Knight, here in Washington.

So we will hear from you folks in the order in which I call you. Ms. Bryant.

STATEMENT OF FOYLEN L. BRYANT, ASSISTANT STAFF DIRECTOR, FOOD DISTRIBUTION, FLORIDA DEPARTMENT OF HEALTH AND REHABILITATIVE SERVICES, ON BEHALF OF THE NATIONAL ADVISORY COUNCIL ON COMMODITY DISTRIBUTION

Ms. **Bryant**. I appreciate the opportunity to talk with you. I am the director of the Commodity Distribution Program for the State of Florida, but I am here in my capacity of the National Advisory Council which was authorized under the Commodity Reform Act. We are in our second year of operation. I have a written testimony which I provided, but I would prefer to just touch on the highlights of the council and some of the information I have provided.

The council is made up of 15 members. We are very diverse in our backgrounds, both industry and programs, as well as management of the Commodity Distribution Program. And as a result, we have all had firsthand experiences with the program. Therefore the report which we recently submitted, our first report, which is also included in my testimony, is very practical in nature. We looked at operational and procedural kinds of issues and stayed away from theories or philosophies. I think only two areas, two recommendations, would perhaps be considered philosophical in nature.

One would be that we do support the continuation of the dietary guidelines in the product specifications USDA is using. And the council went on record to oppose the continuation of the commodity letter of credit and cash programs which I understand have been reauthorized until December 1992. We made 35 different recommendations, only 4 of which require legislative action. One is to exempt other programs, such as the TEFAP program and the Food Distribution Program on the Indian Reservations from the provisions of the commercial distribution and warehousing part of the Commodity Reform Act.

We also recommend that States where no fees have been charged to recipient agencies and all distribution and storage costs are paid from State sources be exempt from the provisions of the commercial warehousing and distribution system.

We also recommended that the semiannual collection of preference information be changed to every other year collection, allowing USDA to have a year to implement the findings of the collection of data. And a new recommendation that we made which has already been addressed by Child Nutrition Program legislation bases the entitlement calculations on the preceding year.

In our first year of operation, the council commended USDA, the staff of USDA, for its cooperation and openness in our deliberations and discussions. We are very specific people. We got into operational and procedural kinds of areas and we are very specific in our recommendations. They were very open. They have already implemented many of the recommendations that we have made. ASCS took the leadership role in doing a modified pilot project in terms of specifying delivery period with their purchases which improves the timeliness of delivery of the products which is a major concern of all program participants.

We met in October of this past year and we have some new issues we are going to address in the upcoming year to develop our second report. One includes the development of nutrition policies using the preference information and information from recipient agencies and State agencies in deciding what foods are purchased and included in packages such as the Commodity Supplemental Program and the program on Indian Reservations.

We also want to look indepth at the overall purchasing practices of USDA, the advanced planning, forecasting, trends, incorporating preference data into their buying practices, with a target of purchasing more items to be shipped to schools and nonschool programs in August, September and October of each year. This year the program is experiencing, all programs nationwide, are experiencing delayed shipments, and this is creating some major problems for all States and all programs. So our target is more food, and recommendations relating to that, through August to October.

We want to look at some nonschool programs to look at ways the Food Distribution Program can be improved in those programs. We are going to look at the composition of State advisory councils and also make some recommendations in terms of eliminating duplications where we see them.

The council considers ourself a partner with USDA and we appreciate your support and your active participation in that partnership. We hope we are being a part of the solution and finding workable solutions to our problems. Thank you.

[The prepared statement of Ms. Bryant appears at the conclusion of the hearing.]

Mr. Hatcher. Thank you, Ms. Bryant. Mr. Ray.

STATEMENT OF B.W. RAY, DIRECTOR, FOOD DISTRIBUTION DIVISION, NORTH CAROLINA DEPARTMENT OF AGRICULTURE, ON BEHALF OF THE NATIONAL ASSOCIATION OF STATE AGENCIES FOR FOOD DISTRIBUTION, ACCOMPANIED BY PATRICIA PHILLIPS, WASHINGTON REPRESENTATIVE, NASAFD

Mr. Ray. Thank you, Mr. Chairman and Mr. Emerson for the opportunity to appear here today to represent the National Association of State Agencies for Food Distribution. As you are aware, the association represents the State government agencies who are responsible for redistributing the federally donated food to schools, charitable institutions, food distribution programs on the Indian Reservations, nutrition programs for the elderly, Temporary Emergency Food Assistance Program, food banks, commodity supplemental food programs, as well as summer camps.

Since the reauthorization of the Temporary Emergency Food Assistance Program will be a topic of concern for your committee, I appreciate the opportunity that you have given the chairperson of our TEFAP committee, Mary Jo Henny, to present specific recommendations and ideas about that program during your hearings tomorrow.

We appreciate your interest in the program as was demonstrated by the passage of the Commodity Distribution Reform Act, as well as holding these hearings today to review the impact and the improvements on the reduced volume of commodities, et cetera.

The reduction of commodities, according to State input, has resulted in a 5 to 15 cent per meal reduction, and this primarily is a result of the dairy commodities. The purchase of the reduction caused by the dairy commodities being reduced is oftentimes prohibitive at the local level due to the fact that it presents quite a budget strain.

The Commodities Supplement Food Program has also suffered due to allocated funds being used to purchase dairy products, thus reducing the food package value in terms of the food received. Now this is from the recipient's point of view. And we are attempting to work with USDA to solve the problem.

As you are aware, the total dollar package has not been reduced, but the recipients feel very strongly as a result of—there is some reduction in cheese and some other things, especially at the elderly feeding sites, they like that—the cheese.

The drought also, as we understand it, has contributed to entitlement commodity shipments being delayed for a month or more. Many States report they have received approximately one-half of the volume of products normally received as compared to previous years. Many State agencies contract via a bid method for storage and distribution of commodities. These contracts are based in most cases on the estimated volume of food received and distributed. Other States operate their own warehouse and delivery system.

And as you are aware, the efficiency and effectiveness is dependent upon volume. The reduction in the volume is having an adverse effect on commercial and State operated facilities, causing budget and management problems. In addition, we expect as a result of the reduced volume, when it comes time for re-bid, that the distributor prices will in all likelihood increase.

The timing of some of these problems we feel is most unfortunate in light of the Commodity Reform Act. The Commodity Reform Act requires several positive changes in how the State agencies and USDA administer the program. New regulations require minimum performance standards such as requiring State agencies to distribute the donated foods on a monthly basis, which is just one of them. The reduction in the volume of commodities has caused a level of efficiency to decrease to the degree it is not feasible to deliver commodities on a small volume.

It has required States to keep local school food authorities informed of foods expected as well as the delivery time frames. This requirement was reasonable and it was needed. The lack of USDA computer systems, however, to facilitate this information, combined with the reduced commodities, has complicated and oftentimes prohibited the State agencies to provide better service to recipient agencies. It requires the States to use commercial systems unless they can prove an alternate system, oftentimes the one that they are distributing with and the recipients often are happy with that system, unless they can prove that the alternate system is more cost effective. This concept, we believe, is not entirely wrong. It has some problems that we hope that you will work with us to correct.

Some of these problems are that each State is required to make a detailed analysis of the cost in making comparisons to a commercial system. Mr. Chairman, I see that my time has rapidly gone away, so I will condense it as quickly as I can. We asked the question, what benefit is to be derived from this requirement? In some cases States do not charge the school food services for warehousing and delivery, but fund the cost with State funds. These States should not be bound by this requirement.

And we ask that States who provide for all or most of the cost or be it competitively be exempted from the requirements. Further, we ask that you give consideration to exempting all nonschool programs from this requirement.

The semiannual collection of input from recipient agencies is a paperwork intensive. We ask that you consider cutting this semiannual requirement to an annual requirement, and this would also reduce the duplication of work at the local level. We support the State option contracts. We support the NCP part of the program, the National Commodity Processing.

We thank you for the opportunity to present our concerns and will be happy to respond to your questions now or later.

[The prepared statement of Mr. Ray appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you very much. Mr. Pasco.

STATEMENT OF RICHARD E. PASCO, DIRECTOR, LEGISLATIVE AFFAIRS, NATIONAL PORK PRODUCERS COUNCIL, ON BEHALF OF THE COMMODITY COALITION, ACCOMPANIED BY MARSHALL MATZ, HOLLAND & KNIGHT

Mr. PASCO. Thank you, Mr. Chairman and Mr. Emerson. My name is Richard Pasco and I am with the National Pork Producers Council. Today I have with me Marshall Matz who represents a number of the commodity groups that are involved in the Commodity Distribution Coalition.

We appreciate the opportunity to be able to testify this morning in support of USDA's commodity distribution programs. The various commodity distribution programs have not only played a special role in the development of our agricultural policy, but have played an important role in the development of this Nation's nutrition program.

I will try to be brief this morning and skip over some of the prepared testimony regarding the distribution programs and their statutory authority, including TEFAP and soup kitchens. I do want to say that today, the central purchasing authority of USDA provides economical commodities for the school lunch and breakfast programs, the family nutrition program on Indian Reservations, the commodity supplemental feeding program and disaster relief activities. USDA commodities played a vital role in relieving the suffering recently caused by Hurricane Hugo in South Carolina and the Virgin Islands, and assisted the earthquake victims in northern California.

The various USDA commodity distribution programs give the Secretary of Agriculture an extremely effective tool that can be used in providing assistance to America's farmers and ranchers. One of the major goals of our agricultural policy has been to stabilize the boom and bust swings in the farm economy. When markets are soft in a given commodity, the Secretary can stabilize markets by purchasing the commodity that is experiencing depressed prices. And we in the pork industry can speak from experience because of the last 2 years of drought we've had in this country.

Skipping to the three key points I want to make this morning. We strongly support the continuation of all USDA commodity distribution programs. We support reauthorization of TEFAP and the Secretary of Agriculture's authority to distribute commodities to soup kitchens and food banks. We also support expansion of the TEFAP and soup kitchen authority to the extent possible, and to the extent consistent with the needs of the recipient agencies.

We are proud of the fact that America's agricultural abundance has been used to help so many Americans in so many different situations. We would be happy to respond to any questions. I would note that we have a long list of commodities represented here today—about 25 different groups. Thank you, Mr. Chairman.

[The prepared statement of Mr. Pasco appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you. We certainly appreciate all of you being here and appreciate your testimony. I do not have any questions at this time. Mr. Emerson.

Mr. EMERSON. I do not think I have a question at this time. I think I have a question that I would like for all of you to reflect upon, and perhaps write a letter to us, after you have had a chance to reflect on what I want to ask you about here. I would like for you to carefully think about, tell us what effect that the elimination of commodities in the USDA food programs would have on both the people who are served by the program and agricultural producers?

I would also appreciate knowing your view from your own respective perspective of the benefits or the problems that you see with the national commodity processing program? Your own unique considerations. Thank you all for your valuable statements here.

[Letter of December 19, 1989, follows:]

DEC 21 [illegible]

NASAFD
National Association of State Agencies for Food Distribution

Washington Office:
P.O. Box 10891
McLean, Virginia 22102
(703) 450-2880

December 19, 1989

The Honorable William Emerson
U S House of Representatives
418 CHOB
Washington, DC 20515

Dear Representative Emerson:

This is in followup to the questions you posed following my testimony at the Agriculture committee hearing November 15.

NASAFD strongly supports the NCP program. We believe that providing further processed end products is key to the success of the Commodity Distribution Program. The NCP program is administratively effectively, it alleviates duplicative work by 50 states and makes further processed products available to all recipient agencies. The impact of this program has been significantly reduced since cheese and non fat dry milk are no longer available. We would like to see USDA expand the program to include more hard to use commodities such as some of the dried fruits and to explore the potential of handling processing activities for entitlement commodities.

Concerning the role of commodities in disaster assistance, the recent experience with hurricane Hugo makes it easy to hypothesis what would have happened if donated foods had not been available. Similarities can be drawn between how TEFAP foods in consumer size packages were distributed to disaster victims, until normal channels of distribution could accept food stamps as an alternative. Had the donated foods not been available for mass feeding sites, cash or commodity letters of credit would not have helped until the regular channels of distribution were open.

Once again, NASAFD appreciated the opportunity to express our concerns before the committee.

Sincerely,

Patricia Phillips
Patricia Lynn Phillips
Washington Representative

cc: Ken Shifflett, President
Bill Ray, President-Elect

Mr. HATCHER. Thank you. Mr. Harman, could I speak with you a moment.

[Recess taken.]

Mr. HATCHER. The next witness, Mr. John W. Harman, is Director of Food and Agriculture Issues, Resources, Community, and Economic Development Division at the U.S. General Accounting Office, here in Washington. His testimony will be received by his written statement being placed in the record in its entirety.

[The prepared statement of Mr. Harman appears at the conclusion of the hearing.]

Mr. HATCHER. That concludes the hearing.

[Whereupon, at 10:50 a.m., the subcommittee adjourned, subject to the call of the Chair.]

[Material submitted for inclusion in the record follows:]

TESTIMONY OF G. SCOTT DUNN
ACTING ADMINISTRATOR
FOOD AND NUTRITION SERVICE
U.S. DEPARTMENT OF AGRICULTURE
BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE
SUBCOMMITTEE ON DOMESTIC MARKETING,
CONSUMER RELATIONS AND NUTRITION
NOVEMBER 15, 1989

Mr. Chairman and Members of the Committee, it is a pleasure to testify today as your consideration of the 1990 Farm Bill moves into the area of the commodity donation programs. The Administration is committed to providing food to improve the nutritional status of children and needy adults. Since the Depression, over a half century ago, the United States Department of Agriculture (USDA) has been providing food to recipient agencies to help them prepare nutritious, low-cost meals. Not only have these commodities helped those in need, but their purchase has had a direct benefit for American farmers. Through the commodity program, USDA is able to intervene and purchase food when markets are depressed, thus, helping the farmer by increasing demand for products in order to prevent further price declines.

The Food and Nutrition Service (FNS) currently makes commodities available to participants in the Child Nutrition Programs; needy families on Indian reservations; needy women, infants, children and elderly participating in the Commodity Supplemental Food Program (CSFP); participants in summer camps; those served by charitable institutions and victims of emergencies or disasters.

Before discussing the various commodity programs, I would like to describe FNS' role in the recent natural disasters in the Caribbean, South Carolina, and California as you requested in your letter of invitation.

FNS DISASTER RESPONSE

FNS has the authority to provide food assistance to victims of disasters when requested by a State or disaster relief agency. There are three main kinds of food assistance provided by FNS in disaster situations:

1) Food for congregate feeding generally released by state officials from school inventories;

2) Food packages for household distribution, in areas in which the Food Stamp Program is not in operation, in Presidentially declared major disasters and emergencies when commercial food channels have been significantly disrupted; and

3) Emergency Food Stamps, authorized by the FNS Administrator for households in designated areas after commercial channels have been restored. States may also be authorized to issue replacement coupons to current food stamp recipients who lost either food stamps or food in the disaster.

The Food and Nutrition Service provided a combination of all three types of disaster assistance to the victims of Hurricane Hugo which hit the Caribbean on September 16, 1989, and the Carolinas on September 21, 1989, and congregate feeding and emergency food stamps to the victims of the earthquake which struck the San Francisco Bay Area on October 17, 1989. The Secretary of Agriculture authorized the expenditure of $9 million in Section 32 funds to purchase or replace commodities used in the Caribbean, $5 million in South Carolina, and $150,000 in California.

VIRGIN ISLANDS

In the Virgin Islands, FNS provided USDA commodities through congregate feeding sites on all three islands. Due to the destruction of commercial food channels, FNS provided the vast majority of the food needed on St. Croix through household food distribution operations which lasted for more than a month. Food distribution began immediately after civil disorder was brought under control. All together, more than 4.25 million pounds of USDA food, valued at over $2 million, was provided. The severity of the damage and the remote location of the Caribbean islands necessitated some extraordinary means of obtaining foods of sufficient quantities and variety to meet the needs of those affected by the storm's damage. For example, FNS arranged a special expedited purchase of food through the Department of Defense to expand the variety of commodities provided to disaster victims. FNS shipments of food began arriving by military airlift on September 25, 1989, and later by commercial airlines and ships.

In addition, FNS authorized the issuance of emergency food stamps to disaster victims throughout the Virgin Islands once commercial food channels were restored. On St. Thomas and St. John almost $2.2 million in emergency food stamps were issued to 5,753 households from September 27, 1989, through October 26, 1989. Emergency food stamp issuance began on St. Croix on November 1, 1989, and is expected to provide disaster benefits to an estimated 13,500 households there. As of November 8, almost $1.5 million in benefits have been provided to 3,825 households.

PUERTO RICO

The food needs of Puerto Rico's disaster victims were met entirely through congregate feeding operations at as many as 165 shelters. Food supplies were available from school lunch program inventories in sufficient quantities to meet the majority of the food needs. Almost a quarter of a million pounds of USDA commodities have already been distributed to Puerto Rico residents through this effort. Puerto Rico's Nutrition Assistance Program (a block grant which replaced the Food Stamp Program) also provided $100,000 to disaster victims at the end of September. Congregate feeding continues in Puerto Rico. At the beginning of November, there were more than 100 shelters still in operation feeding 4,000-5,000 people daily.

SOUTH CAROLINA

When Hurricane Hugo hit South Carolina, massive power outages and storm damage caused virtually all food stores to close for nearly a week. During that time, FNS immediately made available over 450,000 pounds of commodities to disaster relief organizations for congregate feeding. When it became clear that congregate feeding was not sufficient due to the inability of most people to get to the feeding sites, the Secretary of Agriculture quickly approved household distribution of commodities in all or parts of eight hard-hit counties. Over 550,000 pounds of commodities were made available for household distribution. The foods provided for congregate and household feeding were obtained from schools, Department of Education warehouses, and Temporary Emergency Food Assistance Program commodity inventories. The total value of all these foods was over $700,000.

By September 28, 1989, food stores had begun to reopen, and FNS immediately began approving all or parts of 23 counties, covering nearly half the State of South Carolina, for emergency food stamp assistance. Over 800,000 recipients in South Carolina received $62.3 million in emergency food stamp assistance. An expedited approval by USDA made it possible for actual food stamp issuance to begin within 24-48 hours of the States' request in well over half of the counties approved. In addition, nearly a half million dollars in replacement coupons were distributed to recipients who had lost food stamps or food in the disaster. (Another half million dollars in replacements were disbursed to North Carolina recipients as well). To alleviate the long lines that formed at issuance sites during the first three days of issuance, the Food and Nutrition Service arranged for over 100 extra staff to be brought into the State from Georgia, Alabama, and from FNS' Southeast Regional Office.

CALIFORNIA

USDA commodities were again used in the wake of the California earthquake. Congregate feeding for more than 3,000 people took place at about 20 shelters in the Bay Area. Approximately 10,000 pounds of USDA food was delivered to Santa Cruz and Watsonville on November 1, 1989, to augment the food supplies available from school lunch inventories.

FNS also authorized, at the request of the State agency, the issuance of emergency food stamps in Santa Cruz and parts of San Benito counties. As of November 12, 1989, almost 2400 households from both counties had received over $500,000 in disaster benefits.

FNS responded to these emergencies in an expedient and compassionate manner. We are proud to have been of service to so many who were in need.

I will now turn to a description of our commodity distribution programs.

CHILD NUTRITION PROGRAMS

Children participating in the National School Lunch Program, School Breakfast Program, Child Care Food Program or Summer Food Service Program benefit from the commodity donations. In addition to cash funding for meals, children eat donated foods as part of the meals served in these programs. Food is donated to meet children's nutritional needs and preferences and to help stabilize markets and utilize agricultural surpluses. During School Year 1988-89, USDA provided 1.3 billion pounds of food valued at $832 million.

Over the past several years, USDA has concentrated its efforts on making the commodity program as responsive to participants as possible. We have implemented the provisions of the Commodity

Distribution Reform Act and WIC Amendments of 1987 as well as making numerous improvements to specifications under which commodities are purchased, packaging, nutritional content, variety and delivery systems. Moreover, we are continuing to evaluate the overall effectiveness of providing food assistance in the form of commodities as compared to cash or commodity letter of credit alternatives. Recently, Congress extended the operation of commodity alternative sites for 2 years, and the Department plans to use that time to reexamine whether they can be structured to assure adequate support to agricultural producers and responsiveness to disasters.

FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS (FDPIR)

FDPIR provides commodities in lieu of food stamps to an estimated 140,000 eligible low-income households on or near Indian reservations. The food package of USDA commodities contains a variety of nutritious foods to supplement the diets of recipients. Each month the following foods are provided: canned meats; vegetables, fruits and juices; dried beans; peanuts or peanut butter; egg mix; butter; milk; cheese; pasta, flour, grains, dry cereals, honey and corn syrup; vegetable oil and cereal. In FY 1989, $47.6 million worth of commodities were provided.

One of the challenges of administering the commodity program for Indians is to provide a food package that meets the special nutritional needs of the Indian population and that responds to their diverse food preferences. The Department has worked to lower sugar, fat and salt in the package while still maintaining essential nutrients and calories and we have plans to make further improvements.

COMMODITY SUPPLEMENTAL FOOD PROGRAM (CSFP)

CSFP is designed to aid individuals during critical periods of growth and development, to prevent the occurrence of nutritionally related health problems, and to improve the overall health status of low-income pregnant, postpartum and breast-feeding women, infants and children up to age six. The program was expanded by the Food Security Act of 1985 to provide benefits to eligible low-income elderly.

The Department provides a prescribed food package based on purchase of the following: iron-fortified infant formula, infant rice cereal, cold cereal or farina, canned juice, evaporated milk and/or nonfat dry milk, canned vegetables or fruits, canned meat or poultry, egg mix, rice or dehydrated potatoes and peanut butter or dried beans. Market conditions, of course, will often determine the variety and type of commodities offered within the food package. Also, when surpluses exist, the Department may donate additional commodities at "no cost" to the program.

During FY 1989, $63.8 million worth of commodities were distributed to CSFP participants, including $19.1 million worth of "no cost" cheese, butter, honey and cornmeal.

CHARITABLE INSTITUTIONS

USDA donates food to help provide meals to needy people throughout the country being assisted by qualified non-profit charitable institutions, such as hospitals, soup kitchens, nursing homes and prisons with rehabilitation programs. During FY 1989, $115 million worth of commodities was provided to charitable institutions which served 1.9 billion meals to needy individuals.

TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM

I would now like to turn our attention to the Temporary Emergency Food Assistance Program (TEFAP) and the use of donated commodities in soup kitchens and food banks. The donation of surplus foods to households was begun in 1981 to reduce excessive inventories of surplus commodities, especially cheese, and to provide these commodities for home consumption to supplement the nutritional needs of low-income households during a time of high unemployment. The program was highly successful in its original goals, with over $5.5 billion pounds of excess commodities worth over $5.5 billion being distributed to the needy. The Hunger Prevention Act of 1988 altered the original purpose of the program by requiring $120 million to be spent for the purchase, processing and distributing of commodities in each of FY 1989 and FY 1990. During FY 1989, the Department provided butter, cornmeal, flour and honey, valued at $111 million, in addition to the $120 million of commodities purchased under the Hunger Prevention Act.

The Department also provides commodities to food banks and soup kitchens. The Hunger Prevention Act of 1988 requires $40 million to be spent in each of FY 1989 and FY 1990 and $32 million in FY 1991 to purchase, process and distribute commodities for use in food banks and soup kitchens. For FY 1990, the following will be purchased: canned freestone peaches, canned applesauce, canned sweet potatoes, canned whole kernel corn, dry beans, canned pork and peanut butter.

In addition, the Department is currently involved in a demonstration project with three food banks. The demonstration tests the feasibility of distributing commodities made available under Section 32 of the Act of August 24, 1935 through food banks. Three food banks are participating in the project: the Bootheel Food Bank located in Sikeston, Missouri, the West Side Food Bank in Sun City, Arizona, and the Food Bank of Iowa in Des Moines, Iowa. Over 3 million pounds of egg mix, canned beef, prunes, apple juice and beans were distributed by the food banks since the demonstration began in August 1988.

As you know, the Department is currently preparing its FY 1991 budget for presentation to the President and therefore we are not able to provide you with any specific details of our proposals. We hope to provide that information to you in early 1990.

TRI-AGENCY TASK FORCE AND THE COMMODITY REFORM ACT

Recently, distribution of commodities by the Federal Government underwent a thorough examination which resulted in many improvements to the operation of the program. Improvement came about as a result of the Secretary's Tri-Agency Task Force and, as already noted, from the Commodity Reform Act, which was signed into law last year.

In 1987, a special task force was established to thoroughly review commodity distribution operations and to aggressively pursue the improvement of USDA's Food Distribution Program. Senior level officials from the three agencies responsible for commodity operations, AMS, ASCS and FNS, were appointed to the task force. The American School Food Service Association identified several areas in the Food Distribution Program in need of improvement to ensure a viable program for the future. The work of the task force, therefore, initially focused on concerns from recipient agencies participating in school food assistance programs. The role of the task force has since expanded to address commodity distribution issues for all programs receiving commodities. In anticipation of enactment of the Commodity Distribution Reform Act and WIC Amendments of 1987, the task force fulfilled its commitment to improve communication, to increase the variety and quality of foods, to offer better packaging and delivery systems and to improve State Distributing Agencies' performance. The task force continues to meet regularly.

The commodity reform legislation was enacted to improve the manner in which commodities are distributed to recipient agencies and the quality and form of commodities distributed, and since the legislation was enacted into law, 31 statutory provisions have been implemented. Although the Department will likely be recommending a few minor changes to that legislation, we are generally pleased with its impact on commodity operations.

Mr. Chairman, USDA has a good commodity distribution system in place, and we look forward to working with you and the Committee in improving a delivery system to assist those in need.

That concludes my statement Mr. Chairman, I shall be happy to answer any questions.

Statement of Daniel D. Haley, Administrator Agricultural Marketing Service, United States Department of Agriculture before the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, Committee on Agriculture, House of Representatives

November 15, 1989

Mr. Chairman and Members of the Committee:

We appreciate the opportunity to appear before your Committee to present an overview of the Agricultural Marketing Service's role in purchasing commodities for the various commodity donation programs. Accompanying me today is Kenneth C. Clayton, Deputy Administrator for Marketing Programs.

Scope of Commodity Purchase Program

The Agricultural Marketing Service (AMS) purchases commodities with funds appropriated by Section 32 of the Act of August 24, 1935, (7 U.S.C. 612c) (Section 32) and with funds appropriated to the Food and Nutrition Service (FNS) for commodity purchases under Section 6 of the National School Lunch Act and other authorities such as the Hunger Prevention Act of 1988.

Under Section 32, an amount equal to 30 percent of customs receipts collected during each preceding calendar year and unused balances of up to $300 million are available for encouraging the domestic consumption and exportation of surplus agricultural commodities.

The basic authority provides that these funds shall be devoted principally to purchasing perishable nonbasic agricultural commodities and their products, those not receiving price support under Title II of the Agricultural Act of 1949. No more than 25 percent of total funds available under the Act may be used for any one commodity or product thereof.

AMS purchases surplus commodities with Section 32 funds in order to encourage their domestic consumption, thereby helping to stabilize market conditions. The commodities acquired are furnished to FNS to meet the needs of the National School Lunch Program and other domestic feeding programs.

Attachment I is a summary of Section 32 purchases by commodity groups for FY's 1987 and 1988. Attachment II summarizes the level of AMS purchases, by commodity group and dollar volume, for the various commodity donation programs.

During FY 1989, AMS also purchased commodities for the Temporary Emergency Food Assistance Program (TEFAP), soup kitchens/food banks and disaster assistance.

Selected Examples of Section 32 and Section 6 Purchases

In FY 1988, AMS used Section 32 funds to purchase almost $448 million worth of commodities. This amounted to over 767 million pounds of commodities which were distributed through the food distribution programs of FNS. Of this amount, over 624 million pounds of the commodities purchased were used to help fulfill the National School Lunch Program's commodity subsidy of 12.25 cents per lunch for students participating in the program during the school year ending June 30, 1989. Of the remaining 143 million ~~pounds of commodities~~ purchased for the purpose of emergency surplus removal, 142 million pounds were donated to schools and other outlets, and over 1 million pounds were used by FNS for a food bank pilot project.

In FY 1988, $8.1 million of Section 32 funds were also used to purchase 32.3 million pounds of sunflower oil. This purchase was used to facilitate additional sales of sunflower oil in world markets at competitive prices. The use of Section 32 funds for this program was authorized by the Agriculture, Rural Development and Related Agencies Appropriations Act for 1988.

Additionally, in FY 1988, AMS purchased over $106 million of Section 6 commodities from funds appropriated to FNS for the Child Nutrition Programs account of FNS. Over 182 million pounds of commodities were purchased with FNS funds.

In April 1989, the Secretary of Agriculture announced that the U.S. Department of Agriculture would make significant additional purchases of pork and pork products in order to encourage their domestic consumption in a period of continued large hog marketings and falling market prices. Because of lower hog prices, USDA extended its planned purchases of frozen hams, chiefly for distribution to schools, and continued its canned pork purchases for distribution to other domestic feeding programs. In addition, USDA initiated a new purchase program for canned pork luncheon meat. USDA pork purchases increased significantly in 1989 in response to unusually large hog marketings. In 1989, USDA spent over $96 million for pork, as compared with $30 million for 1988.

To help cattle and hog producers hurt by the drought in 1988, $50 million was used to purchase bulk ground beef and ground pork for domestic food assistance programs.

Hunger Prevention Act of 1988

On September 19, 1988, the President signed into law the Hunger Prevention Act of 1988. It requires USDA to spend $120 million to purchase, process, and distribute commodities for both FY's 1989 and 1990 for TEFAP and $40 million for both FY's 1989 and 1990 for soup kitchens/food banks. In addition, $32 million must be spent in FY 1991 to purchase, process, and distribute commodities to soup kitchens/food banks.

During FY 1989, AMS purchased $75 million of canned pork, dried egg mix, raisins, and canned vegetarian beans for distribution through TEFAP. ASCS used the balance of the $120 million, or $45 million, to buy peanut butter.

The $40 million of commodities for soup kitchens/food banks was purchased solely by AMS. These commodities included canned pork, canned luncheon meat, dry beans, dehydrated potatoes, canned sweet potatoes, canned grapefruit juice, canned orange juice, and canned pears. Attachment III summarizes the purchases AMS has made under the Hunger Prevention Act during FY 1989.

Disaster Assistance

The Robert T. Stafford Disaster Relief and Emergency Assistance Act requires the Secretary to use funds appropriated under Section 32 to purchase food commodities to provide adequate supplies in the event of a major disaster or emergency. Normally, when a major disaster or emergency is declared by the President, USDA-donated foods held by State and local agencies are used for disaster assistance. Further, any commodities acquired under the Commodity Credit Corporation's price support programs which are available for domestic donation to needy persons and commodities purchased under Section 32 surplus removal activities may be used for such assistance. If sufficient food stores are not available for disaster assistance, or if additional foods are necessary to replace State or local stocks of USDA-donated foods, Section 32 funds authorized for disaster assistance may be used. In this case, AMS' commodity contracting officers make arrangements directly with food vendors and with ASCS officers for the purchase and delivery of food commodities to the disaster area.

Purchasing Decisionmaking

Purchases are coordinated with FNS to assure that the quantity, quality, and variety of commodities purchased can be used in domestic feeding programs.

In the spring, FNS advises AMS as to the amount of Section 6 funds to be obligated for school lunch entitlement commodities in addition to Section 32 school lunch entitlement commodity funds. The AMS coordinator discusses with persons responsible for commodity buying in each of the three involved AMS Divisions--Fruit and Vegetable, Livestock and Seed, and Poultry--the supply and price prospects of various agricultural commodities to be considered for purchase and distribution to schools during the upcoming school year. AMS considers information received from FNS about food needs and desires of recipients in making purchase recommendations and decisions.

Before making preliminary recommendations on commodities to be purchased, AMS officials analyze USDA crop reports, market news reports, industry publications, and/or compare production costs with market prices and supplies. In addition, the supply and price outlook for various commodities often is discussed with commodity economists in the Economic Research Service, World Agricultural Outlook Board, and National Marine Fisheries Service (NMFS). These analyses and discussions help decision makers determine which commodities should be bought and in what amounts they may be available.

When purchases are made of a commodity which is experiencing low market prices, recipients receive more product with the expenditure of a given amount of money than they would if prices were higher. Additionally, USDA is able to help farmers by removing some of the surplus supplies. In summary, the commodities to be considered are determined by a number of factors including (1) what has traditionally been donated, (2) what is desired or requested by the schools, and (3) what products the commodity specialists believe need price assistance.

These AMS discussions and tentative decisions are reviewed by personnel of the Food Distribution Division, FNS. Then, a proposed purchase plan which sets forth the commodities to be bought, the estimated volume, and the projected cost is prepared. This plan is preliminarily approved at a joint commodity procurement meeting attended by AMS, FNS, and NMFS personnel.

Before any Section 32 funds may be obligated for the procurement of commodities, approval by the Secretary is required. To obtain approval for commodity purchases, AMS prepares a transmittal memorandum to the Assistant Secretary indicating current plans for the expenditure of Section 32 funds, including a breakdown of funds among the three commodity divisions. The Office of Budget and Program Analysis (OBPA), USDA, prepares a transmittal memorandum and forwards the Section 32 directive/authority memorandum to the immediate Office of the Secretary of Agriculture for approval. Before going to OBPA, the proposed directive/authority memorandum is approved by the Office of the General Counsel and the Offices of the Assistant Secretaries for Food and Consumer Services and Marketing and Inspection Services.

Before each new Section 32 AMS commodity purchase program starts, a memorandum is sent to the Assistant Secretary from the AMS Administrator announcing the purchase program and requesting concurrence. Subsequent purchases proposed by the Fruit and Vegetable, Livestock and Seed, and Poultry Divisions must be approved by the Office of the AMS Administrator. AMS purchases with FNS appropriated funds are also approved by the AMS Administrator's office.

Primarily during the winter, spring, and early summer, AMS develops, clears, and prepares specifications and purchase announcements. Input is received from FNS' Nutrition and Technical Services Division and Food Distribution Division. If unforeseen marketing situations develop, plans are altered accordingly, that is, increased or decreased as necessary, with offsetting adjustments made in other items in the overall purchase plan. The purchase plan is reviewed and fine-tuned as necessary at quarterly interagency commodity procurement meetings, or more often if necessary.

Commodity Purchase and Distribution Improvements

Former Secretary Lyng, in late 1986, formed a Departmental Task Force that reports to the Secretary on means of improving commodity purchase and distribution activities. In April 1989, Secretary Yeutter directed that the Task Force, which is chaired by the Deputy Secretary, continue in operation. AMS continues to play an active role in that task force which focuses on commodity distribution issues for all programs receiving commodities.

While remaining cognizant of our surplus removal responsibilities, the Department has endeavored to be responsive to nutritional concerns and food handling requirements of schools and other recipients. A few recent changes made in our purchase programs include the reduction of the maximum average fat content for frozen ground turkey from 12 percent to 11 percent and for canned pork from 18 percent to 15 percent. These percentages are for accepting product at a nondiscounted contract price. Also, our specification for canned peas now requires smaller, more tender sizes, and frozen cherries must now be packed in plastic containers to avoid leakage from metal cans.

Additionally, the National Advisory Council on Commodity Distribution, established as required by the Commodity Distribution Reform Act and WIC Amendments of 1987, recently submitted its first annual report to the President, three Committees of the Congress including the House Committee on Agriculture, and the Secretary. The report includes recommendations for improving the Department's food distribution programs. The Department is currently analyzing each recommendation to determine its feasibility and desirability.

Mr. Chairman, this concludes my statement. My associates and I will be glad to respond to any questions the Committee may have.

(Attachments follow:)

Attachment I

FISCAL YEARS 1987 AND 1988

Summary of Purchases by Commodity Group
(In thousands)

Commodity Group	1987 Actual Pounds	1987 Actual Obligations	1988 Actual Pounds	1988 Actual Obligations
Poultry..........	99,588	$79,740	98,587	$69,105
Meat & Fish.....	167,636	164,975	188,966	213,170
Fruit	147,719	63,856	257,939	100,824
Vegetables	184,966	53,447	222,010	64,896
Total	599,909	$362,018	767,502	$447,995

Section 32 Commodity Purchases
FY 1987 and 1988
(In thousands)

Item	1987 Actual Pounds	1987 Actual Obligations	1988 Actual Pounds	1988 Actual Obligations
Apple Juice, Canned	--	--	37,111	$9,422
Apple Slices, Canned	--	--	12,372	5,133
Apples, Fresh	--	--	7,741	1,387
Applesauce	--	--	52,378	12,898
Beans, Dry	6,998	$1,921	12,006	2,449
Beans, Green, Canned	17,269	3,728	--	--
Beans, Green, Frozen	2,158	541	--	--
Beans, Refried, Canned.......	1/	1/	5,223	1,402
Beans, Vegetarian	5,155	957	14,475	2,680
Beef, Boneless, Frozen	1,806	1,945	1,260	1,427
Beef, Bulk, Frozen, Ground ..	116,456	114,266	103,974	119,412
Beef, Canned	--	--	288	403
Beef Patties	30,536	27,832	26,635	27,835
Blackberries, Frozen	624	400	624	419
Cherries, Red, Frozen	36,005	14,559	18,364	6,801
Chicken, Bulk, Chilled	3,744	1,977	1,938	1,106
Chicken, Frozen, Cut-Up	35,559	21,662	35,539	20,763
Chicken, Nuggets	8,681	11,869	--	--
Chicken, Patties	--	--	2,242	2,880
Chicken, Thighs/Drumsticks ..	988	508	--	--
Corn, Canned	--	--	14,059	3,793
Corn, Frozen.................	--	--	3,468	1,496
Date Pieces	--	--	6,105	4,800
Egg Mix	--	--	3,944	4,998
Eggs, Whole, Frozen	--	--	21,607	9,991
Figs, Dried	2,161	2,000	2,001	2,031
Ham, Cooked, Frozen	--	--	4,619	6,939
Luncheon Meat	758	1,034	756	1,026
Mixed Fruit, Canned	10,296	4,517	12,530	5,913
Mixed Vegetables, Frozen	14,120	4,900	13,704	4,546
Peaches, Canned	26,445	10,905	14,915	6,836
Peaches, Frozen	--	--	573	324
Pears, Canned	38,915	13,933	38,936	15,187
Pears, Fresh	2,297	700	7,760	2,193
Peas, Canned	10,397	2,398	--	--
Peas, Frozen	4,558	1,159	--	--
Pineapple, Canned	18,675	7,767	18,153	7,247
Plums, Canned	3,102	806	3,699	990
Pollock Nuggets, Frozen	1,226	1,734	10,433	12,719
Pollock Portions, Frozen	40	61	--	--
Pork, Frozen, Ground	10,493	11,374	33,816	33,524
Potato Rounds, Frozen	35,230	10,218	51,860	15,872
Potatoes, French Fries	35,120	10,004	74,887	20,928
Potatoes, Sweet, Mashed	813	201	832	183
Potatoes, Sweet, Syrup Pack .	7,338	2,308	6,854	1,945
Prunes, Dried	72	95	12,954	7,803

Item	1987 Actual		1988 Actual	
	Pounds	Obligations	Pounds	Obligations
Raisins	7,032	4,000	7,449	4,870
Tomatoes, Canned	21,634	6,031	7,494	2,790
Tomatoes Crushed, Canned	3,866	1,105	12,591	4,511
Tomato Paste	20,213	7,953	4,621	2,315
Tuna, Canned	6,402	6,841	7,185	9,884
Turkey, Chilled	3,528	1,797	3,744	1,747
Turkey, Roast	18,643	25,466	19,026	21,056
Turkey, Whole, Frozen........	28,444	16,461	10,547	6,564
Walnuts, English	2,201	4,200	4,273	6,570
Miscellaneous	-89	-115	-60	-13
Total	599,909	$362,018	767,502	$447,995

1/ Less than a thousand dollars

Attachment II

AMS COMMODITY PURCHASES 1/

FY 1988, million dollars

	Child Nutrition 2/							
	Entitlement		Non-Entitlement	Elderly 3/	Needy Family	Commodity Supplemental Food Program 4/	Charitable Institutions/ Summer Camps	Total
	Sec. 32	Sec. 6	Sec. 32	Sec. 311	Sec. 4(a)	Sec. 4(a)	Sec. 32	
Fruits & Vegetables	131	2	27	4	14	12	6	196
Red Meats & Fish	167	-	46	1	10	4	-	228
Poultry & Eggs	51	48	10	4	5	4	8	130
Total	349	50	83	9	29	20	14	554

1/ Purchases of red meats required to minimize the adverse effects of the Dairy Termination Program totaled 12.5 million pounds costing $13.1 million for export. These purchases are in addition to those shown in the table.

2/ Used primarily in school lunches.

3/ Includes $1 million of commodities bought with Section 32 funds.

4/ Used primarily by pregnant and post partum women, infants, and children.

Attachment III

AMS FY 1989 Hunger Prevention Act Buys
Figures in Millions

	Temporary Emergency Food Assistance Program		Soup Kitchens/ Food Banks	
	Lbs.	Dols.	Lbs.	Dols.
FV				
Beans, vegetarian	27.7	8.4		
Raisins	8.5	6.1		
Beans, dry			5.2	2.0
Lentils			3.4	1.0
Peas, green/split/dry			1.4	0.3
Grapefruit juice, canned			16.8	3.9
Orange juice, canned			24.3	8.5
Pears, canned			1.5	0.7
Potatoes, dehydrated			6.5	3.6
Sweet potatoes, canned			5.2	2.2
LS				
Pork, canned	41.4	46.7	13.3	14.9
Meat, luncheon, canned			2.2	2.9
PY				
Egg mix	9.1	14.0		
AMS Total	86.7	75.2	79.8	40.0

November 7, 1989

Statement of Robert H. Sindt
Assistant Deputy Administrator, Commodity Operations
Agricultural Stabilization and Conservation Service
U.S. Department of Agriculture
before the
Committee on Agriculture
Subcommittee on Domestic Marketing, Consumer Relations
and Nutrition
House of Representatives
November 15, 1989

Mr. Chairman, and Members of the Subcommittee, I am pleased to appear before you today representing the Agricultural Stabilization and Conservation Service (ASCS), and to discuss with you the role and responsibilities of ASCS in the various commodity donation programs administered by the Department of Agriculture.

As you know, ASCS is the main agency within the Department of Agriculture responsible for carrying out the activities of the Commodity Credit Corporation (CCC), dealing directly with farmers in implementing and operating statutory commodity price support programs. Commodities for which there are price support programs include corn, oats, rye, barley, wheat, grain sorghum, soybeans, cotton, rice, sugar, tobacco, peanuts, wool and mohair, and dairy. Operation of these price support programs will from time to time result in CCC acquiring excess production of individual commodities. ASCS has the responsibility for managing these surplus commodities when they are acquired through the operation of the CCC loan or purchase programs.

CCC stores its acquired commodities in commercial warehouses located throughout the United States until such time as the commodities can be utilized in domestic or foreign sales and donation programs. First, CCC generally makes its acquired commodities available for sale to individuals and entities to meet commercial demands. The commodities are available for purchase at statutorily or administratively established price levels, or at the currently ascertained market price for the commodity, whichever is higher. Section 416 of the Agricultural Act of 1949 provides the Secretary with authority to donate commodities for use in various domestic programs, including school lunch programs and charitable institutions. Also, commodities are annually made available for use in the Public Law 480, Title II, Food for Peace foreign donation program. The Temporary Emergency Food Assistance Act of 1983 requires that commodities in excess of the requirements needed to carry out other programs, including CCC sales obligations and domestic and foreign food assistance programs, be made available for feeding the needy as a supplement to any other assistance programs to which they may be entitled. CCC also has certain specific legislatively mandated foreign sale requirements. For example, the Food Security Act of 1985, as amended, mandates the annual sale of a minimum of 150,000 metric tons of CCC stocks of dairy products. Further, the Food Security Act of 1985 expanded the Section 416 export donation authorities to a minimum level. This level, which is subject to various exceptions, is 500,000 metric tons of an amount equal to ten percent of CCC's uncommitted stocks of grains and oilseeds for each fiscal year, whichever is lower, and ten percent of CCC's uncommitted stocks of dairy products for each fiscal year--but now less than 150,000 metric tons.

Currently, commodities are provided for use in 14 domestic food assistance programs administered by the Food and Nutrition Service (FNS). These programs include the National School Lunch Program; charitable institutions; child care food program; nutrition program for the elderly; special supplemental food program for Women, Infants and Children; disaster feeding; Commodity Supplemental Food Program; Temporary Emergency Food Assistance Program; and the Food Distribution Program on Indian Reservations.

Commodities are provided in one of two ways. They are either supplied as "bonus" items--determined to be in such excess supply that they are given away free of charge to the applicable programs, or as commodities acquired from CCC-owned inventories or from the commercial marketplace through the use of funds appropriated to FNS. CCC only supplies those commodities, or products made from those commodities, for which price support programs exist. The Agricultural Marketing Service (AMS) supplies non-price support type commodities and their processed products to the various programs.

Within ASCS, the Kansas City Commodity Office (KCCO) is the main hub for all operational activities of the commodity distribution program. KCCO's responsibilities include the acquisition, warehousing, transportation, processing, and disposition of commodities. As it relates to the domestic donation programs, KCCO receives orders for commodities from FNS. KCCO then proceeds to fill those orders through (1) allocating of commodities directly from CCC-held inventories, (2) entering into contracts to have CCC-owned commodities processed into consumer sized packages, or (3) making open market purchases of the commodities or products for delivery to the requested program outlet. KCCO conducts routine monthly procurements of commodities that are ordered. It also awards contracts to process CCC commodities monthly, quarterly, or on a longer basis depending upon the particular situation relating to the product. This process includes the timely procurement and delivery of commodities to States or to individual program locations. KCCO is also responsible for administering commodity contracts entered into by AMS for the non-price support type of commodities.

Mr. Chairman, having given you that broad overview of the role and responsibility of ASCS in the domestic commodity donation programs, I would like to spend some time discussing briefly some of the initiatives which ASCS has undertaken recently to improve the operation and delivery of the commodity distribution programs. As you know, ASCS participated with our sister agencies, FNS and AMS, in a task force established by former Secretary Richard Lyng, the purpose which was to totally review and improve the commodity donation programs. As a result of the task force's review and the agency's continuing efforts, ASCS has taken a number of initiatives which have had the effect of making a good program even better. Attachment A to my statement is a comprehensive list of the improvement initiatives which ASCS has undertaken. I will not describe them all to you, but I would like to summarize a few of the more important ones for you. The improvements have included such things as higher product quality and functionality, packaging that better accommodates the needs of end users, new products, increased unitization for ease of handling, and more coordinated procedures which deliver commodities in a more foreseeable and timely fashion. These initiatives, we feel, have contributed to a vast improvement in the operation of the commodity distribution programs and have been well received by our constituent users. We are committed to making additional improvements in the program as the need arises.

Mr. Chairman, I would now like to discuss specific commodity availability for the domestic food assistance programs.

Specific availability of ASCS commodities for donation to domestic feeding programs is dependent in large measure upon CCC-owned stocks. As you know, several factors have combined to make fairly drastic reductions in the level of these stocks in the past few years. The success of the Food Security Act of 1985 with its more market-oriented approach has led to achieving a better supply and demand balance for nearly all price supported commodities. The drought of 1988 also contributed to this reduction of vast surpluses of many commodities. Recapturing and expanding export markets and strong domestic demand caused major drawdowns on CCC surpluses. Loan forfeitures of commodities into CCC inventories have slowed dramatically, or nearly ceased, for many commodities. Under the dairy price support program, purchases of nonfat dry milk have not been made for nearly a year and a half, while cheese purchases have fallen substantially. Butter is the only dairy product that CCC has purchased in any great volume for some time.

While all of these factors are positive for the general operation of the various price support programs and are consistent with the price support programs objectives, the reduced level of CCC-owned surpluses means that fewer commodities are available to be given away as a "bonus" in domestic donation programs. The non-availability has been felt most with cheese and nonfat dry milk, which are no longer available as "bonus" commodities, but which represented tremendous supplements to the donation programs from the early 1980's until a little over a year ago. The large volume of these products available for donation programs in the past represented a tremendous cost to the dairy price support program, a program that was too generous and resulted in government stockpiling of excess products from the late 1970's until the support prices were reduced and other measures taken to reduce surplus milk production.

In today's budget environment, it is clear that the operation of our agricultural price support programs will not necessarily coincide with the needs of domestic donation programs for increased volume of government-owned commodities beyond the annual level of Section 32 and purchases with funds appropriated to FNS. We are most concerned not to lose sight of the underlying objectives of the commodity price support programs which are to stabilize, support, and protect farm income and prices, and to help maintain balanced and adequate supplies of agricultural commodities, their products, foods, feeds, and fibers.

In School Year/Fiscal Year (SY/FY) 1989, CCC donated butter, honey, cornmeal, cheese, nonfat dry milk, and wheat flour free of charge as "bonus" commodities to domestic food distribution outlets. The butter, cheese, nonfat dry milk, and honey were supplied from CCC stocks. The cornmeal and wheat flour were procured from the open market with equivalent quantities of whole grain wheat and corn sold from CCC stocks. A total of 735.8 million pounds of commodities having a value of $503.0 million were furnished as a "bonus" to the various domestic distribution outlets. Of this quantity, 276.0 million pounds, having a value of $135.3 million were supplied to the Temporary Emergency Food Assistance Program (TEFAP). Since the inception of the donation of surplus commodities to households in late 1982, more than 5.5 billion pounds of foods having a value of more than $5.2 billion have been distributed to needy households.

In SY/FY 1989, ASCS purchased with funds appropriated to FNS a total of 530.0 million pounds of price support-type commodities, having a value of $208.4 million, for the various domestic distribution outlets. Included in this quantity was 308.2 million pounds of product for schools costing $93.5 million.

Mr. Chairman, this will be of special interest to you, also included are 53.9 million pounds of peanut butter costing $44.9 million dollars procured for needy households with funds made available by the Hunger Prevention Act of 1988.

Current uncommitted CCC-owned inventories of commodities suitable for donation include about 155.0 million pounds of butter, 60.0 million bushels of wheat, 510.1 million bushels of corn, and 16.0 million pounds of honey. In SY 1990 CCC has no residual inventory of cheese or nonfat dry milk to make available as "bonus" items, as it had in SY 1989. Based on these inventory levels, CCC will make commodities available in SY/FY 1990 as a bonus to the various domestic food distribution outlets in the following estimated quantities:

	FY/SY 1990 (million pounds)		
	TEFAP	1/	Schools/Other Outlets
Butter	96.0		72.0
Cornmeal	48.0		8.0
Wheat flour	144.0		71.2
Honey	36.0	2/	16.0

1/ In addition we estimate that approximately 84 million pounds of peanut butter will be procured for TEFAP, soup kitchens and food banks with funds made available by the Hunger Prevention Act of 1988.

2/ Based on current projections, CCC stocks of honey will be exhausted by June 1990.

As in previous years, butter and honey will be supplied directly from CCC stocks. Cornmeal and wheat flour will be procured on the open market, and equivalent quantities of whole grain wheat and corn will be sold from CCC stocks. Based on these estimates of processed products for donation, CCC will dispose of 100.2 million pounds of corn (1.8 million bushels), and 286.2 million pounds of wheat (4.8 million bushels).

Mr. Chairman, with regard to projections relating to availability beyond this fiscal and school years, we are not able to project with any degree of certainty at this time because the dairy flush season is still ahead of us, and much can happen between now and next year's harvest. It would appear, however, that projected purchase levels of butter will allow it to remain a "bonus" item for the foreseeable future. Based on corn inventories, the same can also generally be said for cornmeal.

Mr. Chairman, before closing I would like to briefly describe for the Committee the initial response of the commodity distribution programs following the impact of Hurricane Hugo on the Virgin Islands. I am particularly proud of ASCS' role in this effort and of the effective, dedicated work of our Kansas City Commodity Office. KCCO personnel were contacted by FNS at 5:30 a.m. on Saturday, September 23 and informed of the need to immediately provide 26 truckloads of food aid for airlifting to St. Croix. Thereupon, a massive effort commenced involving KCCO, a major commercial warehouse in the Kansas City area - Americold, Inc., commercial truckers, the Air Force, and FNS.

In light of the possible emergency, information on six shipments had been sent to the warehouse on Friday, September 22 and personnel had been placed on standby status. By 6:30 a.m. KCCO and Americold personnel were at their respective offices.

Information was supplied to the warehouse for the remaining 20 truck shipments. Commercial truck/freight carriers were contacted to deliver the commodities to Whiteman AFB over 100 miles away. The warehouse had 20 loads ready to ship by 10:00 A.M. All the freight carriers had picked up the shipments from the warehouse by 1:14 P.M.

The 1st of the 26 truck shipments arrived at Whiteman AFB by 12:20 P.M. and the 26th truck had been unloaded at the air base by 5:30 P.M. awaiting airlifting to St. Croix. This enabled the first planes to load and arrive in St. Croix on September 24.

In 12 hours time 26 truckloads, about 1,040,000 pounds, of orange juice, beans in tomato sauce and canned pork had been identified, pulled from storage, loaded into trucks, transported over 100 miles, and been offloaded awaiting airlifting. A truly remarkable effort! It was a tribute to the ability of the commodity distribution program to perform and the dedication of both government and industry to respond to human tragedy and need.

All in all, 89 truckloads, 3,521,061 pounds, of orange juice, beans, canned pork, peanut butter, peaches, apricots, green beans, tomatoes, lunch meat, tuna, pears, applesauce, corn, cereal, apple juice, and rice have been shipped to the Virgin Islands. Also, 40,000 pounds of canned beef were shipped to South Carolina.

Mr. Chairman, ASCS is proud of the role it plays in the success of the commodity distribution programs. We are pleased to be part of a program which benefits the U.S. farmer, and all citizens who receive its nutritional advantages.

Mr. Chairman, that concludes my formal remarks. I will be pleased to answer any questions which you and Members of the Subcommittee may wish to ask.

(Attachments follow:)

ATTACHMENT A

October 1989

Following is a listing of the initiatives that ASCS has undertaken since the Task Force on Commodity Purchase and Distribution Activities was established in late 1986.

I. PRODUCT IMPROVEMENTS

A. Peanut Butter - Changed specifications in June 1987 to require that product must be smooth and have easy spreadability.

B. Meltability Test for Cheese - Implemented meltability test in October 1987 for process cheese on USDA repackaged product. KCCO will notify consignees of cheese discounted for meltability.

C. Spiral Macaroni (Rotini) - Started procuring in June 1987.

D. Specific Classes of Rice Requested by Consignees - Starting in July 1988, specific classes of rice are procured if requested by the consignee (primarily long grain).

E. Sliced Cheese - Starting with SY 1990, ASCS will procure sliced cheese once orders are received from FNS. Note: Since cheese is an entitlement commodity - all cost associated with cheese purchases will be for the account of the recipients.

F. Butter Patties - In February 1989, ASCS started procuring butter patties for state option contracts. The cost difference between bulk butter and butter patties is borne by the states.

G. Corn Grits - Starting with October 1989 shipments, white grits will be procured if requested by the consignee.

H. Salt/Sugar Content - Reviewing results of laboratory analyses of Grade A peanut butter during July - Sept 1989 to determine average content of salt and sugar.

I. Functionality of Wheat Flour(s) -
(1) Reviewing specifications for each type of flour to determine if they are adequate to produce the intended end product(s).
(2) Increased the frequency of baking test performed by the Federal Inspection Service.
(3) Starting in November 1989, a certificate of analysis will accompany bulk flour shipments.
(4) Nutrition and Technical Services Division, FNS, prepared guidance on the use and functions of different type(s) of flour(s). The guidance was provided to FNS regional offices on September 27, 1989.

II. PACKAGING AND LABELING IMPROVEMENTS

A. Wheat Flour -
(1) Started procuring in 2/25-lb. or 1/25-lb. bags in addition to 50-lb. bags.
(2) Starting with shipments in January 1990, flour shipped to Food Distribution Programs on Indian Reservations will be packed in 5-lb. versus 10-lb. bags.

B. Print Butter - Started distributing in standard 36-lb. boxes only rather than boxes of variable sizes.

C. Shortening - Conducted a study to determine if the product could be procured in 25-lb. cubes. The study revealed this is not an industry standard. Thus, shortening is procured in 12/3-lb. cans or 50-lb. cubes.

D. Vegetable Oil and Liquid Shortening - Processors were given the option in early 1987 of shipping 1-gallon units of vegetable oil in plastic containers, and a majority of the vegetable oil has been procured in plastic containers since July 1987. Processors were given the option in February 1989 of using plastic containers for liquid shortening. Starting with shipments in January 1990, all 1-gallon units of vegetable oil and liquid shortening will be packed in plastic containers. A 48-ounce plastic container has been developed for use in the Indian Food Distribution Program. Minimum net weight requirements were established for all vegetable oil containers to facilitate a more accurate distribution of the product.

E. Honey - Implemented requirements for tamper evident seals effective July 1, 1987. The results are all favorable. Further, starting in February 1989, TEFAP recipients began receiving honey in 24-ounce plastic containers which are tamper evident and unitized (slipsheeted or palletized, and stretchwrapped).

F. Labeling Exterior Containers - Added requirement for side panel markings to container specifications for wheat flour, corn products, and processed cereals (bulgur, rolled oats, and rolled wheat). This provides for easier identification in warehouses.

G. Slip Sheeting and Stretch Wrapping - Starting in July 1988, all Type B commodities except Dairy Price Support are slip sheeted and stretch wrapped if the consignee requests this type unitization. The consignees can request palletization if they are willing to bear the cost. (All vegetable oil packaged in plastic containers is palletized and stretchwrapped.)

H. Markings - Starting in June 1988 (July for Dairy Products), the markings on all containers/packages were changed to read "Donated By the People of the United States of America for Food Assistance Programs".

I. Peanut Butter - Starting in January 1989, TEFAP recipients began receiving peanut butter in 2-lb. containers, primarily composite cans.

J. UPC Bar Codes - Starting in March 1989, all consumer size packages of type B products contain Universal Product Code (UPC) Bar Codes.

K. Kosher Certification Symbols - Starting in June 1989, Kosher Certification Symbols may be printed on primary and shipping containers.

L. Fiberboard Shipping Cases - Starting with shipments in January 1990, all corrugated fiberboard shipping cases shall be marked to show the recommended safe stacking height.

M. Lot Identification - Starting with shipments in January 1990, most if not all primary and shipping containers will be marked to show the appropriate lot identification number. This will provide better accountability.

III. SHIPMENT AND DELIVERY INITIATIVES

A. Delivery versus Shipping Period - Continuing the use of variable shipping periods on corn, peanut products, wheat flour, and bulk dairy products. Consignee receipt statistics show that the variable shipping period concept is succeeding. This reinforces the position to expand the concept to all Type B commodities beginning with March deliveries.

B. Mixed Shipments of Pasta and Peanut Products - Starting in July 1988, mixed shipments of pasta products, crunchy peanut butter, and creamy peanut butter have been made provided they are for the same destination.

C. Shipment Non-Notification - KCCO continues to follow-up with truckers and shippers in every case regarding non-notification.

D. Forwarding Notices - Mailed daily effective October 1987 and thereafter as needed.

E. Mode of Transportation - Effective with February 1989 shipments, the method of transportation is being furnished on the consignee receipt or forwarding notice. This mode information is being furnished for the variable test products (wheat flour, corn products, and peanut products) as well as other type B products purchased FOB destination, and for the FOB origin bulk dairy and AMS products.

F. Liquidated Damages - Starting with shipments for February 1989, liquidated damages for late shipment were increased to $.15 per cwt.

G. Standard Pack and Car Loading for Mozzarella Cheese - Carlot weights have been standardized at 40,320 lbs. KC 110, Notice of Shipment, will be provided to D/A's showing exact quantities shipped.

H. Notification of Vendor Obligations - Starting with shipments in October 1989, contractors were instructed to obtain unload appointments within 24 hours of delivery.

IV. PROGRAM ADMINISTRATION INITIATIVES

A. Lead Time for Submission of Delivery Orders - Reduced the lead time by 5 days from 60 to 55 days. Dairy products from CCC-owned inventory remain at the 45-day lead time.

B. Vendors Telephone List for Special Palletizing and Slipsheeting Requests - Initial listing provided to FNS on December 14, 1987. Updated listing is provided prior to each new school year.

C. Shipping Temperatures of Dairy Products - Provided FNS with acceptable temperatures of dairy products at time of shipment.

D. Contract Administration - Late shipment language strengthened in procurement announcements in April 1987.

E. Testing for Aflatoxin - Beginning in September 1988, tests were reinstituted for the presence of aflatoxin in corn/corn-based products procured for domestic and export programs. The test for the presence of aflatoxin in peanut/peanut products has been continual since early 1970's.

In addition to the many improvements made as a result of initiatives undertaken by ASCS, better communication among all parties is the most notable achievement.

Testimony to the Subcommittee

on

Domestic Marketing, Consumer Relations, and Nutrition

United States House of Representatives

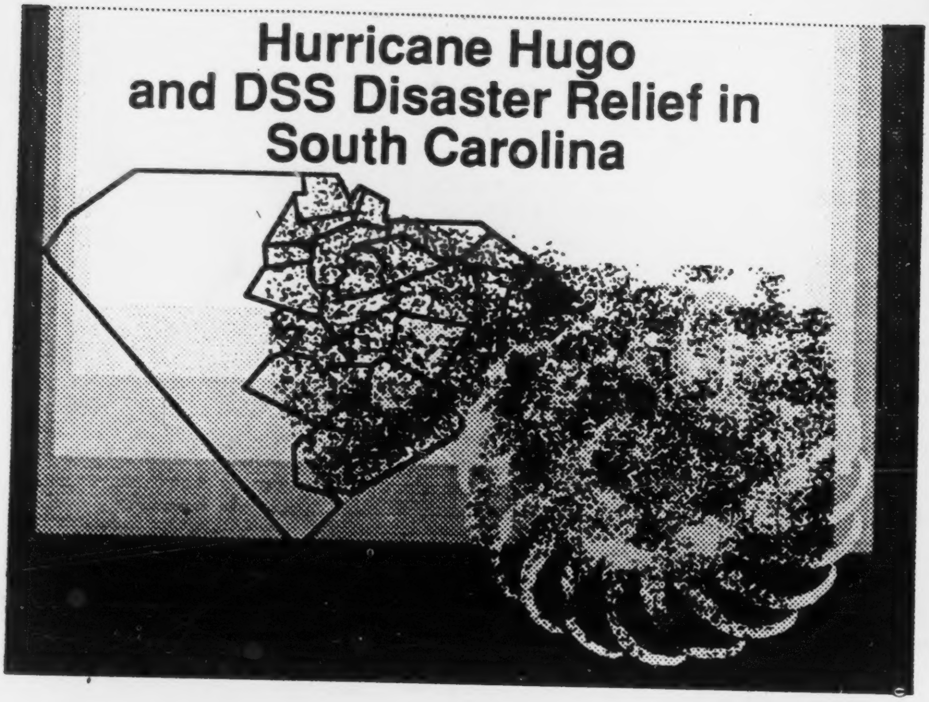
Committee on Agriculture

November 15, 1989

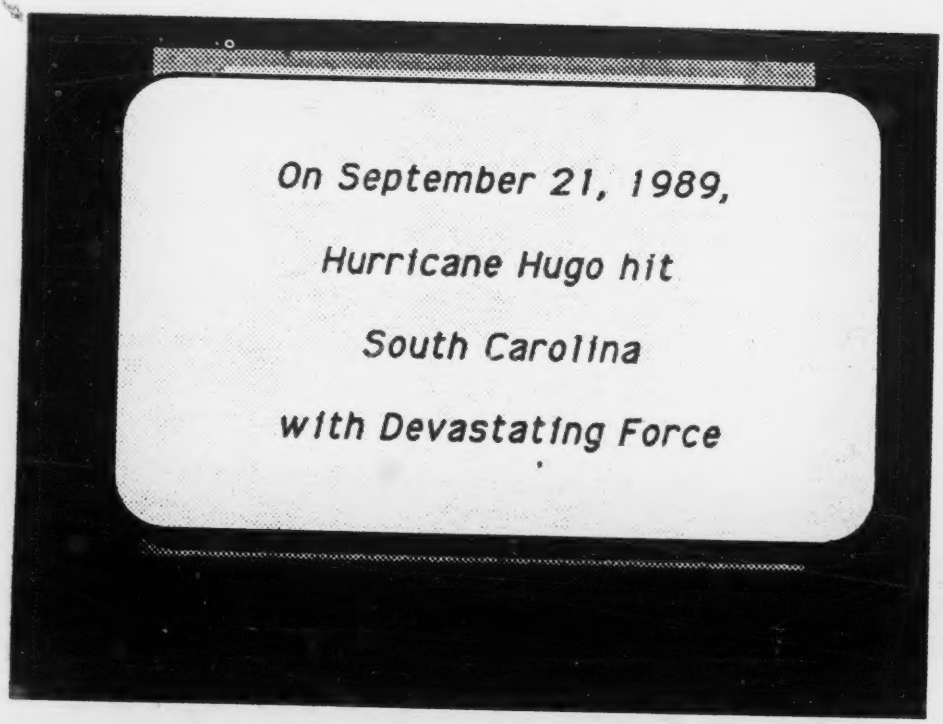
by

Commissioner James L. Solomon, Jr.

South Carolina Department of Social Services



Hurricane Hugo
and DSS Disaster Relief in
South Carolina

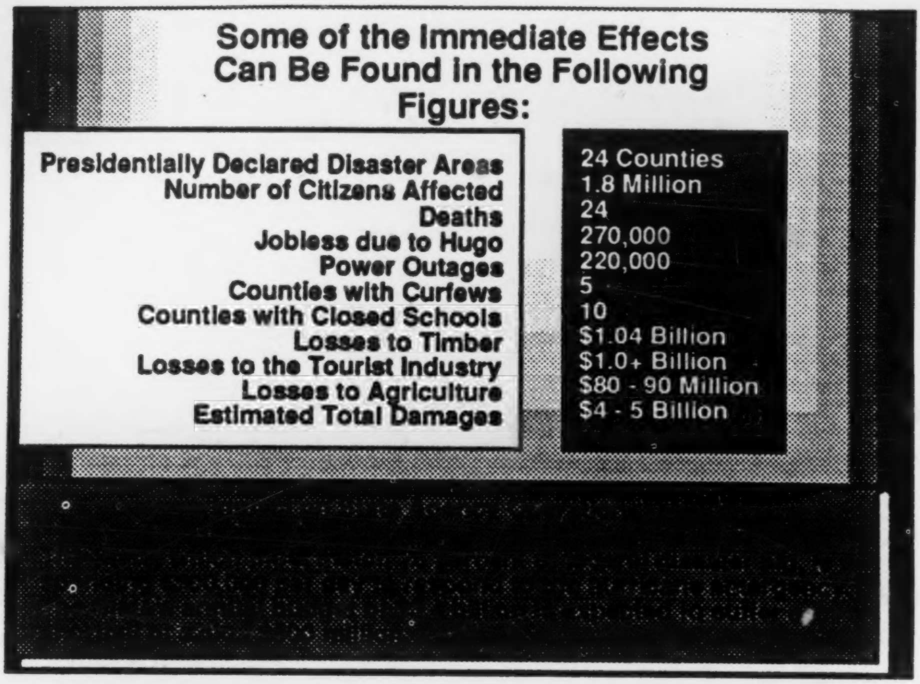


On September 21, 1989,

Hurricane Hugo hit

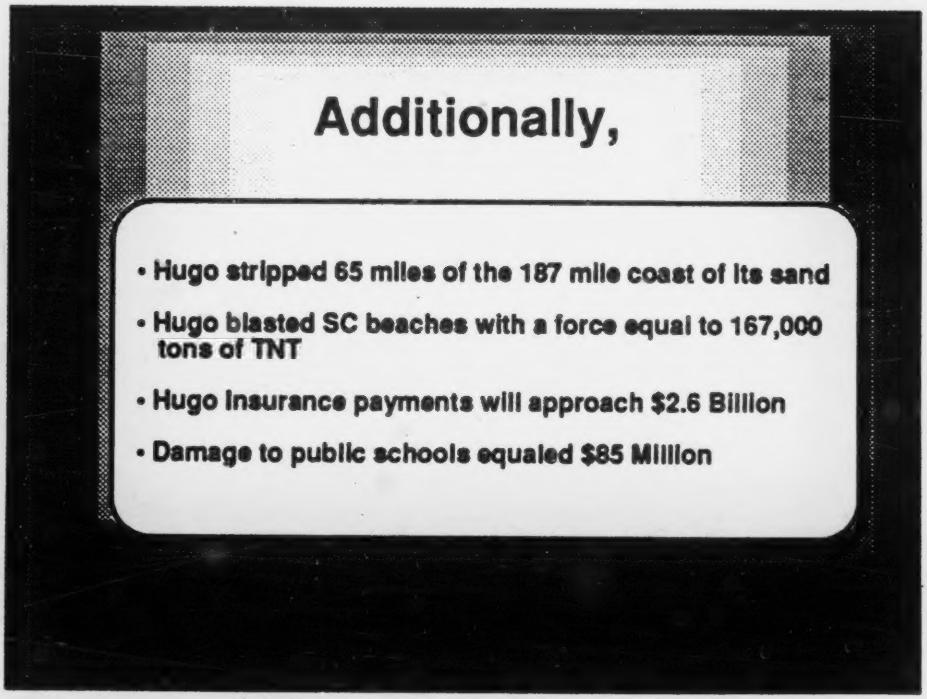
South Carolina

with Devastating Force



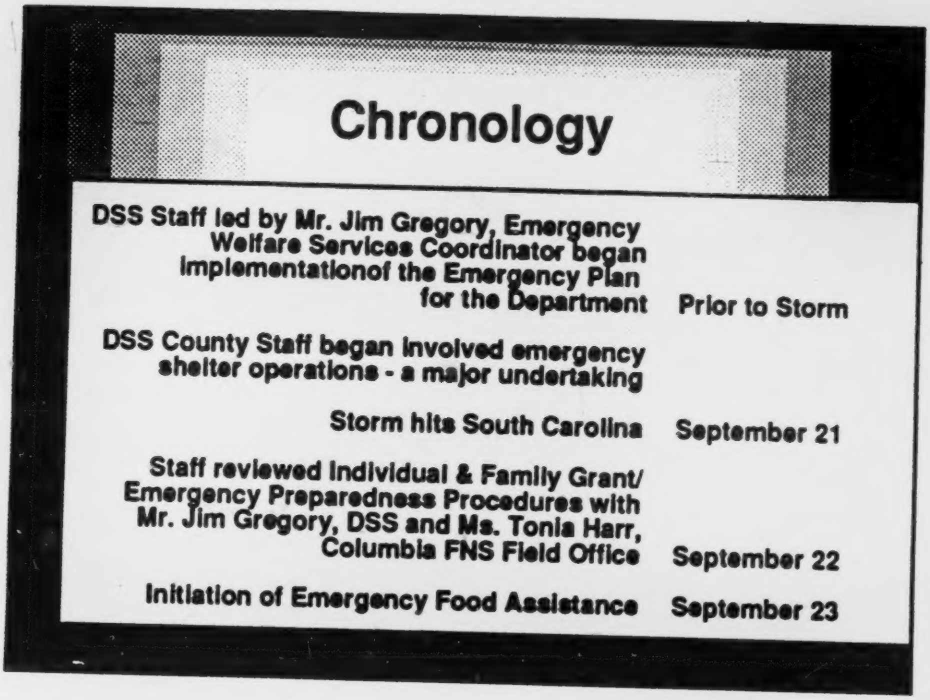
Some of the Immediate Effects Can Be Found in the Following Figures:

Presidentially Declared Disaster Areas	24 Counties
Number of Citizens Affected	1.8 Million
Deaths	24
Jobless due to Hugo	270,000
Power Outages	220,000
Counties with Curfews	5
Counties with Closed Schools	10
Losses to Timber	$1.04 Billion
Losses to the Tourist Industry	$1.0+ Billion
Losses to Agriculture	$80 - 90 Million
Estimated Total Damages	$4 - 5 Billion



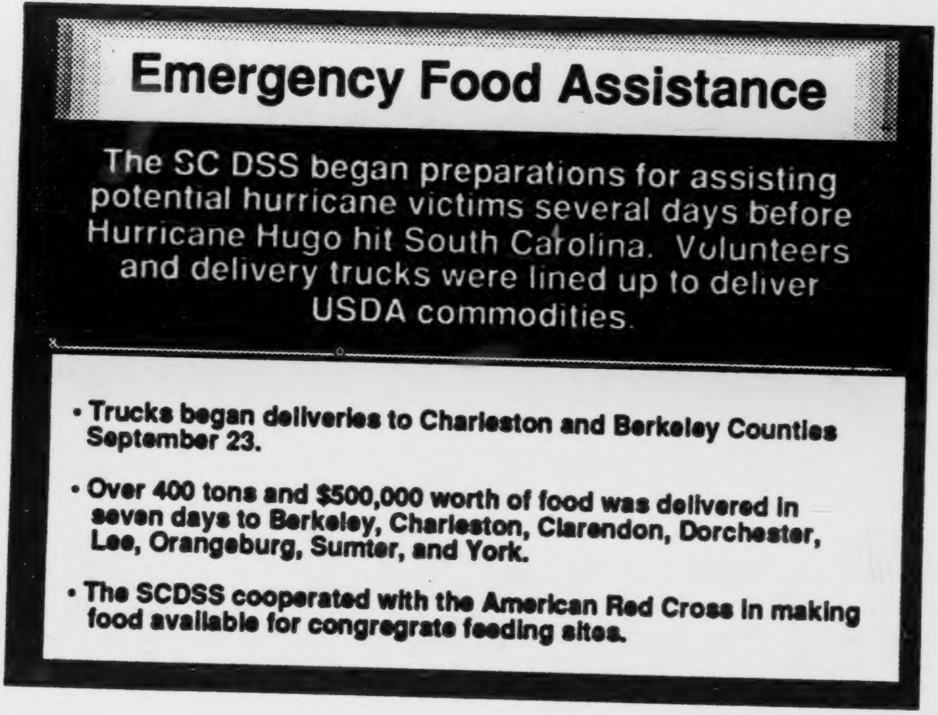
Additionally,

- Hugo stripped 65 miles of the 187 mile coast of its sand
- Hugo blasted SC beaches with a force equal to 167,000 tons of TNT
- Hugo insurance payments will approach $2.6 Billion
- Damage to public schools equaled $85 Million



Chronology

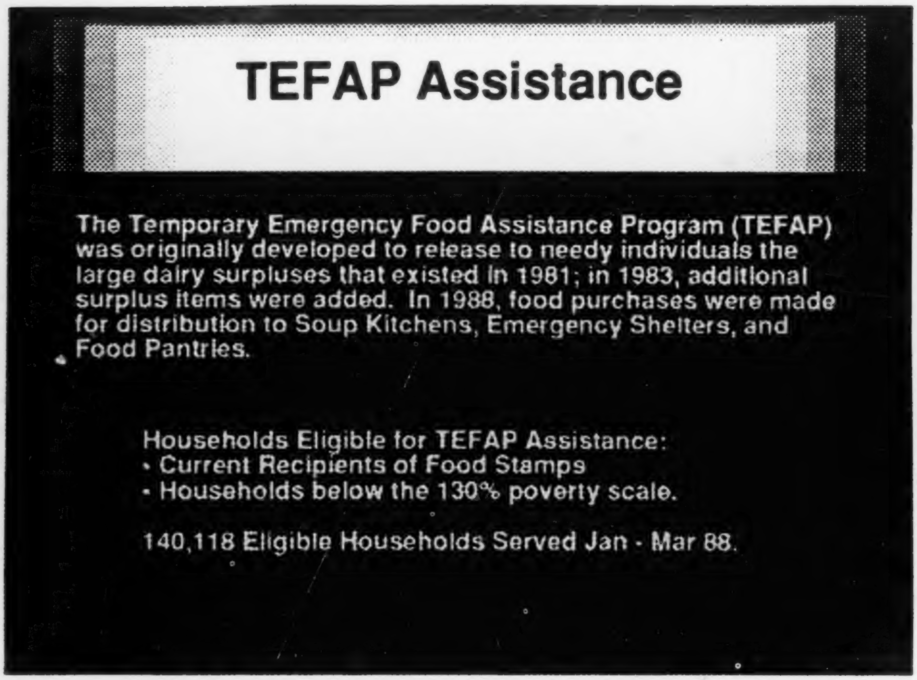
DSS Staff led by Mr. Jim Gregory, Emergency Welfare Services Coordinator began implementationof the Emergency Plan for the Department	Prior to Storm
DSS County Staff began involved emergency shelter operations - a major undertaking	
Storm hits South Carolina	September 21
Staff reviewed Individual & Family Grant/ Emergency Preparedness Procedures with Mr. Jim Gregory, DSS and Ms. Tonia Harr, Columbia FNS Field Office	September 22
Initiation of Emergency Food Assistance	September 23



Emergency Food Assistance

The SC DSS began preparations for assisting potential hurricane victims several days before Hurricane Hugo hit South Carolina. Volunteers and delivery trucks were lined up to deliver USDA commodities.

- Trucks began deliveries to Charleston and Berkeley Counties September 23.
- Over 400 tons and $500,000 worth of food was delivered in seven days to Berkeley, Charleston, Clarendon, Dorchester, Lee, Orangeburg, Sumter, and York.
- The SCDSS cooperated with the American Red Cross in making food available for congregrate feeding sites.

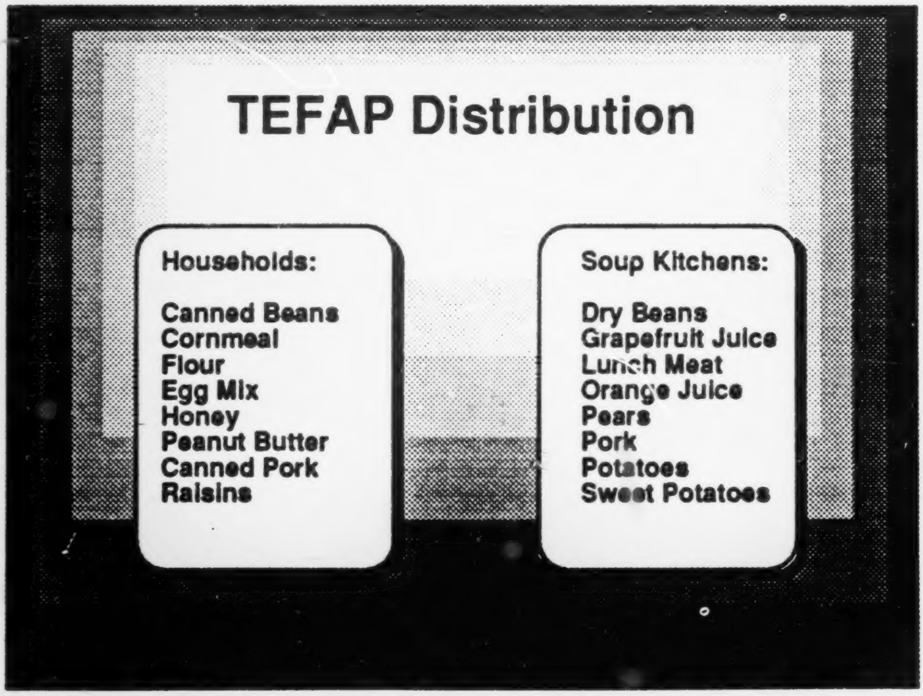


TEFAP Assistance

The Temporary Emergency Food Assistance Program (TEFAP) was originally developed to release to needy individuals the large dairy surpluses that existed in 1981; in 1983, additional surplus items were added. In 1988, food purchases were made for distribution to Soup Kitchens, Emergency Shelters, and Food Pantries.

Households Eligible for TEFAP Assistance:
- Current Recipients of Food Stamps
- Households below the 130% poverty scale.

140,118 Eligible Households Served Jan - Mar 88.



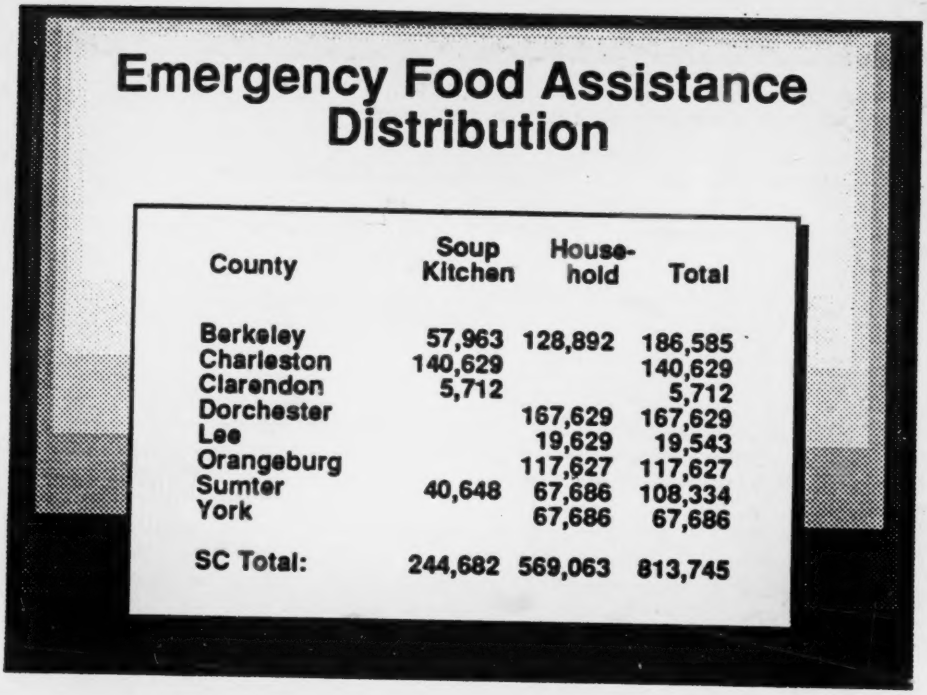
TEFAP Distribution

Households:

Canned Beans
Cornmeal
Flour
Egg Mix
Honey
Peanut Butter
Canned Pork
Raisins

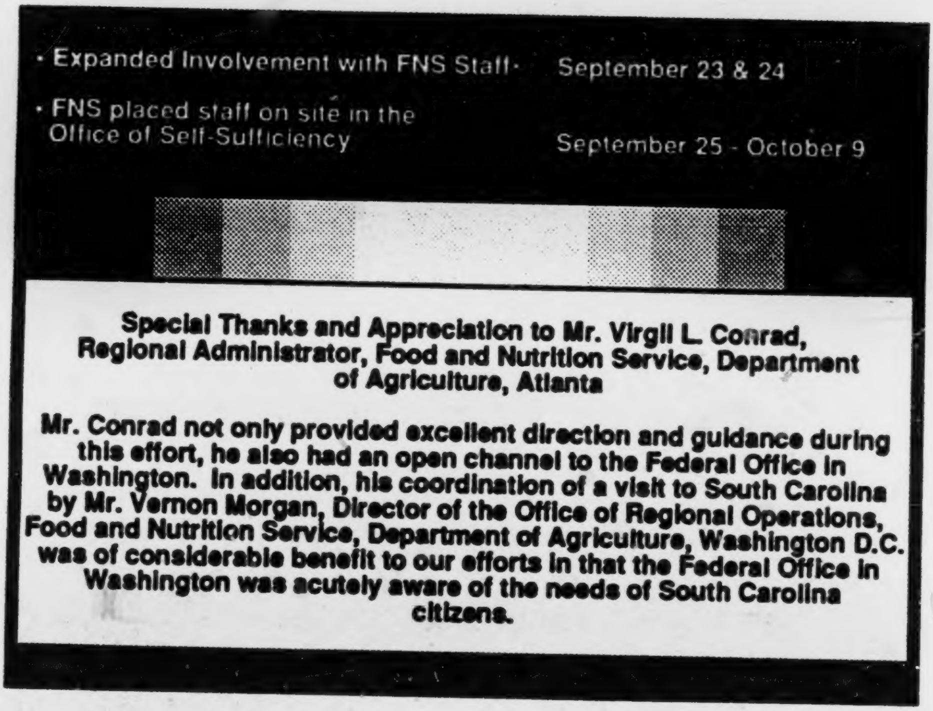
Soup Kitchens:

Dry Beans
Grapefruit Juice
Lunch Meat
Orange Juice
Pears
Pork
Potatoes
Sweet Potatoes



Emergency Food Assistance Distribution

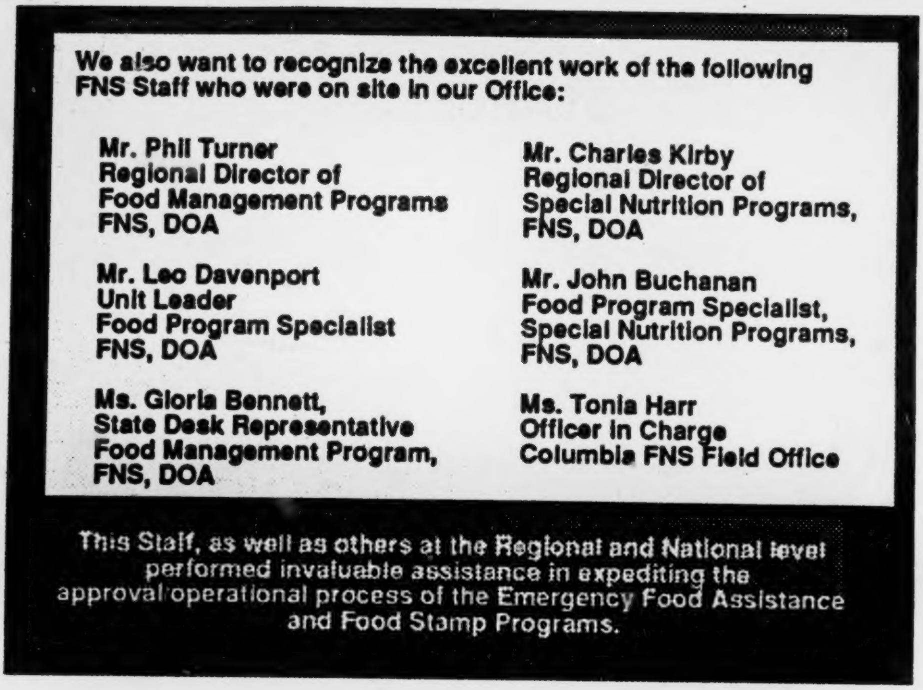
County	Soup Kitchen	House-hold	Total
Berkeley	57,963	128,892	186,585
Charleston	140,629		140,629
Clarendon	5,712		5,712
Dorchester		167,629	167,629
Lee		19,629	19,543
Orangeburg		117,627	117,627
Sumter	40,648	67,686	108,334
York		67,686	67,686
SC Total:	244,682	569,063	813,745



• Expanded Involvement with FNS Staff•	September 23 & 24
• FNS placed staff on site in the Office of Self-Sufficiency	September 25 - October 9

Special Thanks and Appreciation to Mr. Virgil L. Conrad, Regional Administrator, Food and Nutrition Service, Department of Agriculture, Atlanta

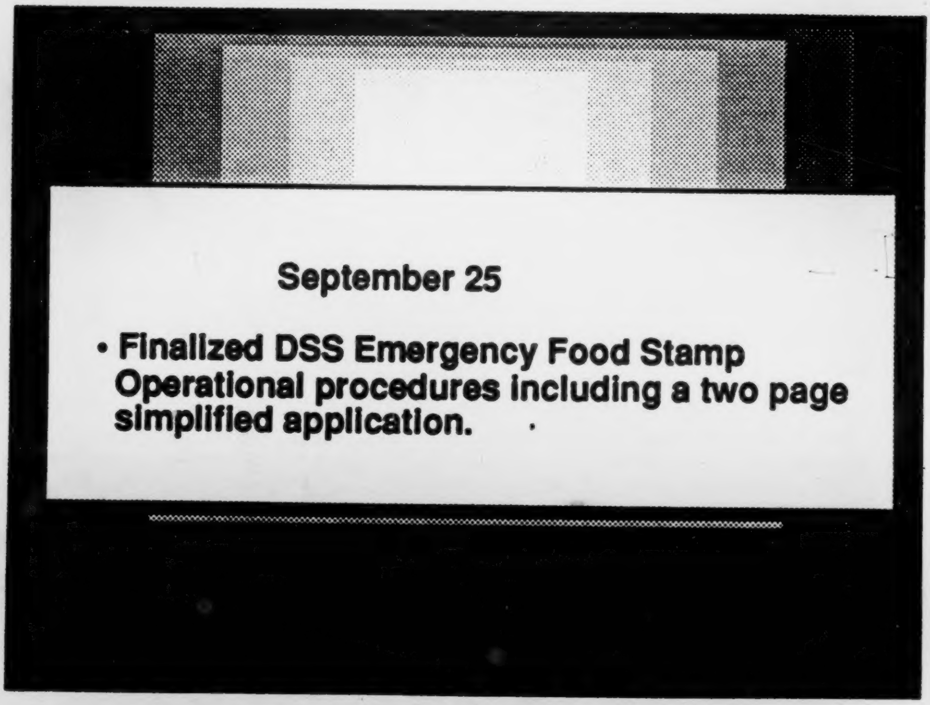
Mr. Conrad not only provided excellent direction and guidance during this effort, he also had an open channel to the Federal Office in Washington. In addition, his coordination of a visit to South Carolina by Mr. Vernon Morgan, Director of the Office of Regional Operations, Food and Nutrition Service, Department of Agriculture, Washington D.C. was of considerable benefit to our efforts in that the Federal Office in Washington was acutely aware of the needs of South Carolina citizens.



We also want to recognize the excellent work of the following FNS Staff who were on site in our Office:

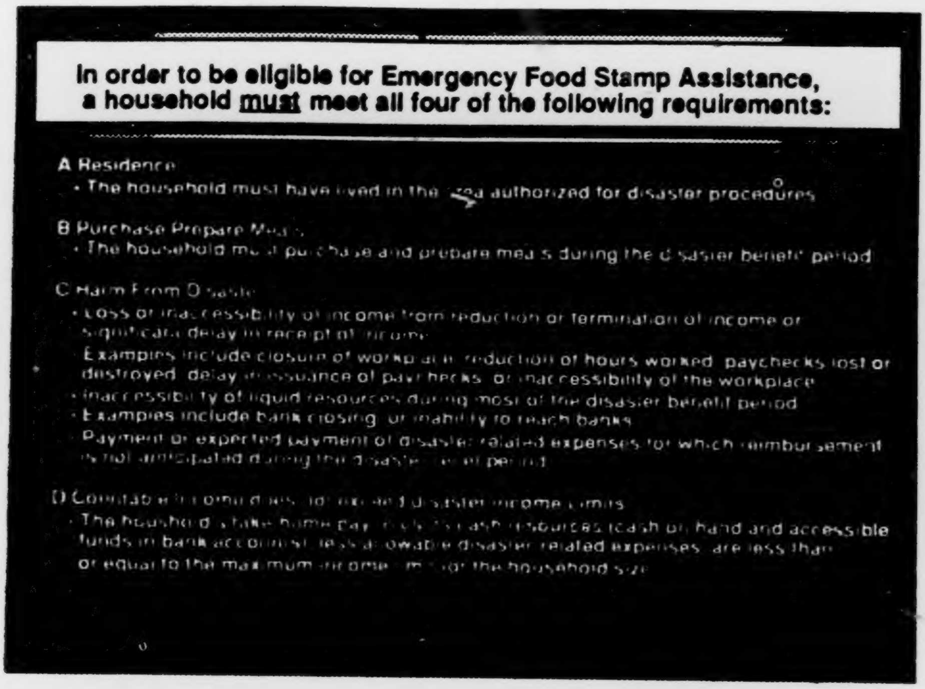
Mr. Phil Turner **Regional Director of** **Food Management Programs** **FNS, DOA**	**Mr. Charles Kirby** **Regional Director of** **Special Nutrition Programs,** **FNS, DOA**
Mr. Leo Davenport **Unit Leader** **Food Program Specialist** **FNS, DOA**	**Mr. John Buchanan** **Food Program Specialist,** **Special Nutrition Programs,** **FNS, DOA**
Ms. Gloria Bennett, **State Desk Representative** **Food Management Program,** **FNS, DOA**	**Ms. Tonia Harr** **Officer in Charge** **Columbia FNS Field Office**

This Staff, as well as others at the Regional and National level performed invaluable assistance in expediting the approval/operational process of the Emergency Food Assistance and Food Stamp Programs.



September 25

- **Finalized DSS Emergency Food Stamp Operational procedures including a two page simplified application.**



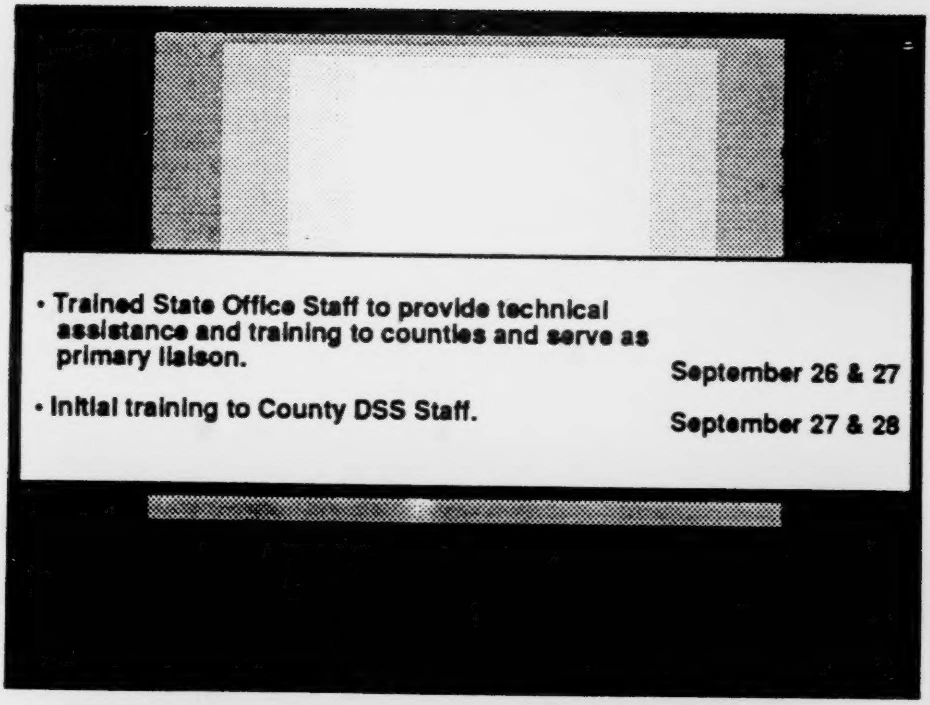
In order to be eligible for Emergency Food Stamp Assistance, a household must meet all four of the following requirements:

A Residence
- The household must have lived in the area authorized for disaster procedures

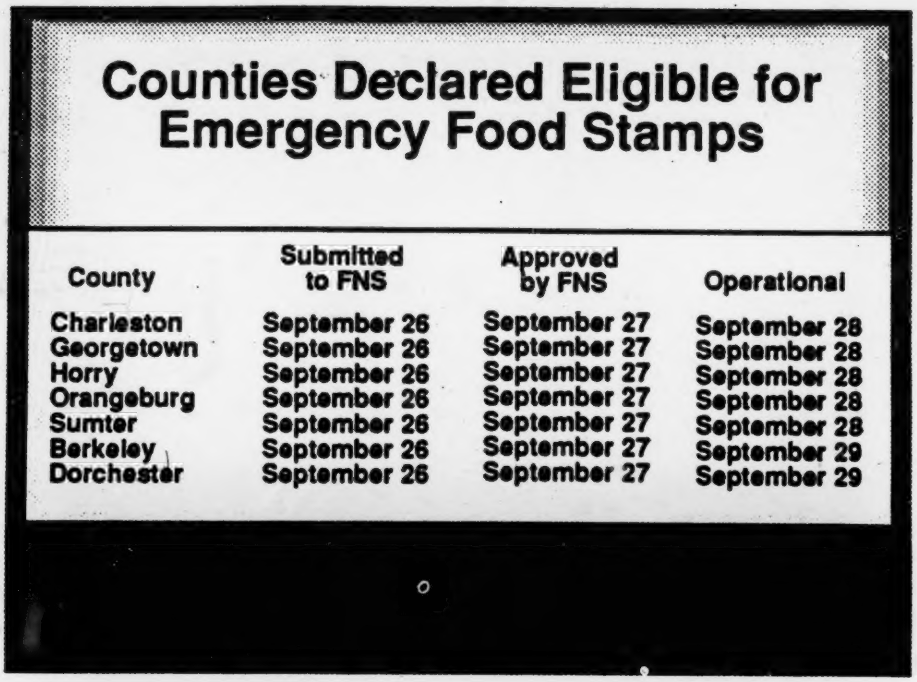
B Purchase/Prepare Meals
- The household must purchase and prepare meals during the disaster benefit period

C Harm From Disaster
- Loss or inaccessibility of income from reduction or termination of income or significant delay in receipt of income
  - Examples include closure of workplace, reduction of hours worked, paychecks lost or destroyed, delay in issuance of paychecks, or inaccessibility of the workplace
- Inaccessibility of liquid resources during most of the disaster benefit period
  - Examples include bank closings, or inability to reach banks
- Payment or expected payment of disaster related expenses for which reimbursement is not anticipated during the disaster relief period

D Countable income does not exceed disaster income limits
- The household's take home pay plus its cash resources (cash on hand and accessible funds in bank accounts) less allowable disaster related expenses are less than or equal to the maximum income limit for the household size

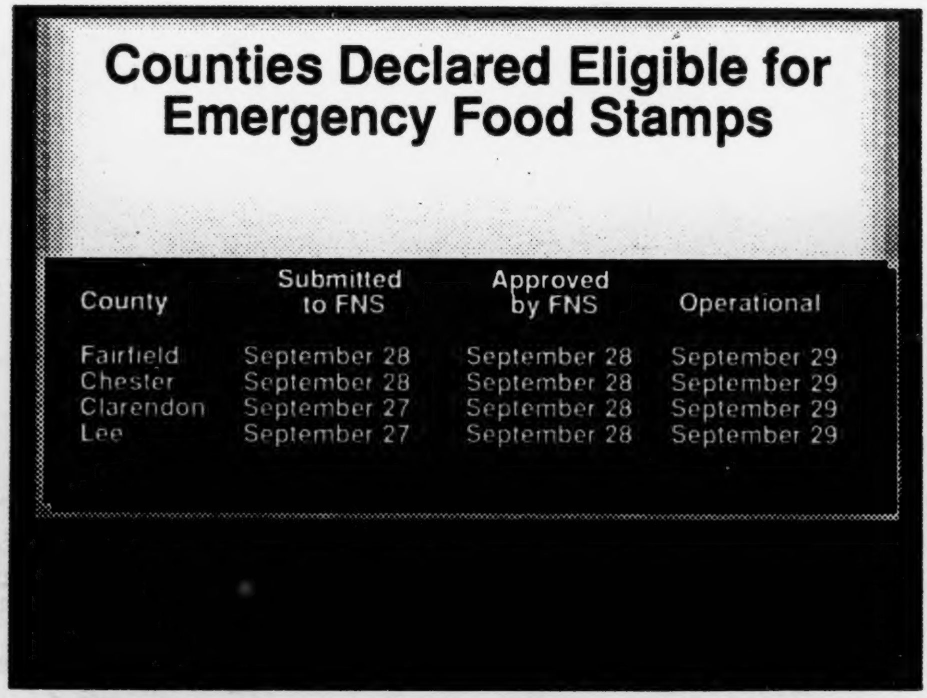


- **Trained State Office Staff to provide technical assistance and training to counties and serve as primary liaison.** **September 26 & 27**
- **Initial training to County DSS Staff.** **September 27 & 28**



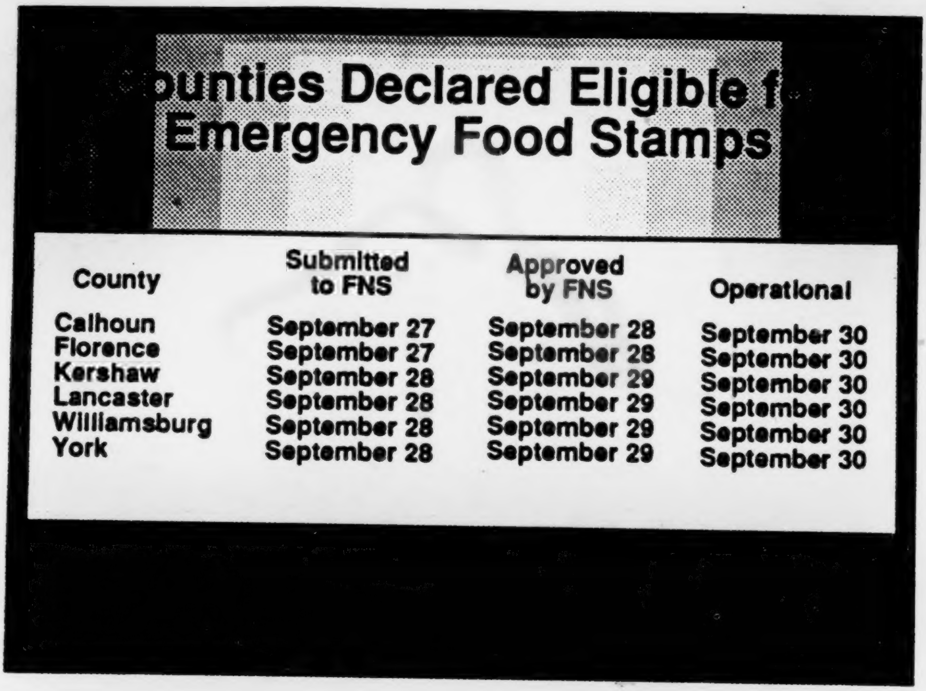
Counties Declared Eligible for Emergency Food Stamps

County	Submitted to FNS	Approved by FNS	Operational
Charleston	September 26	September 27	September 28
Georgetown	September 26	September 27	September 28
Horry	September 26	September 27	September 28
Orangeburg	September 26	September 27	September 28
Sumter	September 26	September 27	September 28
Berkeley	September 26	September 27	September 29
Dorchester	September 26	September 27	September 29



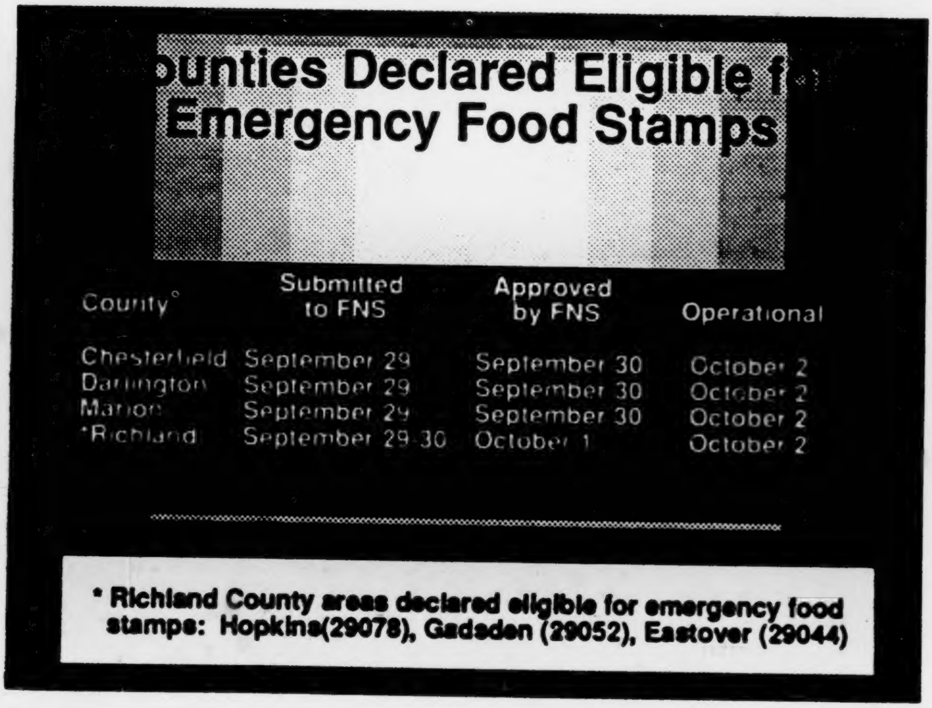
Counties Declared Eligible for Emergency Food Stamps

County	Submitted to FNS	Approved by FNS	Operational
Fairfield	September 28	September 28	September 29
Chester	September 28	September 28	September 29
Clarendon	September 27	September 28	September 29
Lee	September 27	September 28	September 29



ounties Declared Eligible f
Emergency Food Stamps

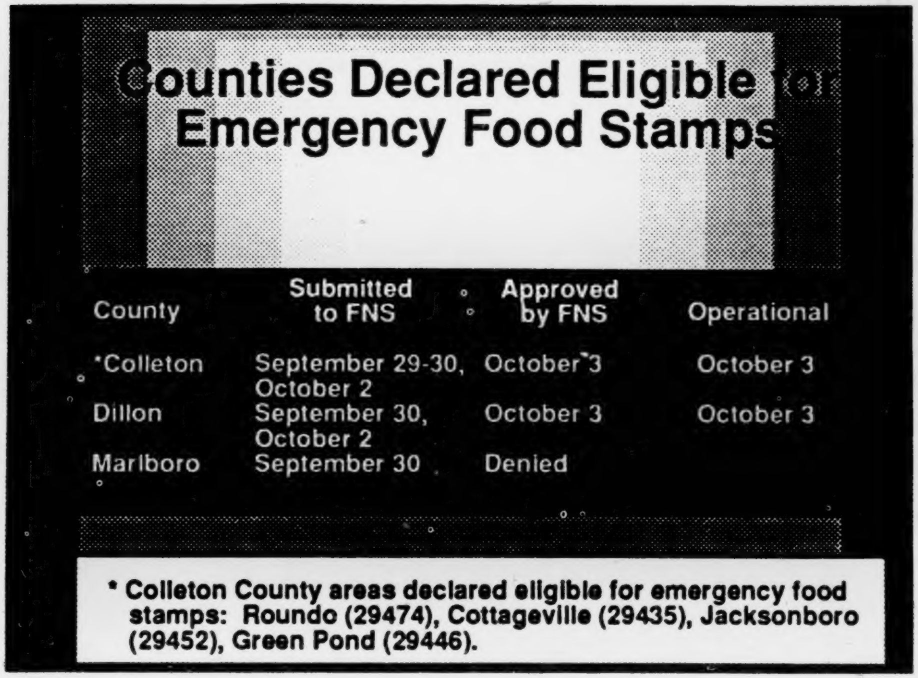
County	Submitted to FNS	Approved by FNS	Operational
Calhoun	September 27	September 28	September 30
Florence	September 27	September 28	September 30
Kershaw	September 28	September 29	September 30
Lancaster	September 28	September 29	September 30
Williamsburg	September 28	September 29	September 30
York	September 28	September 29	September 30



ounties Declared Eligible f
Emergency Food Stamps

County°	Submitted to FNS	Approved by FNS	Operational
Chesterfield	September 29	September 30	October 2
Darlington	September 29	September 30	October 2
Marion	September 29	September 30	October 2
*Richland	September 29-30	October 1	October 2

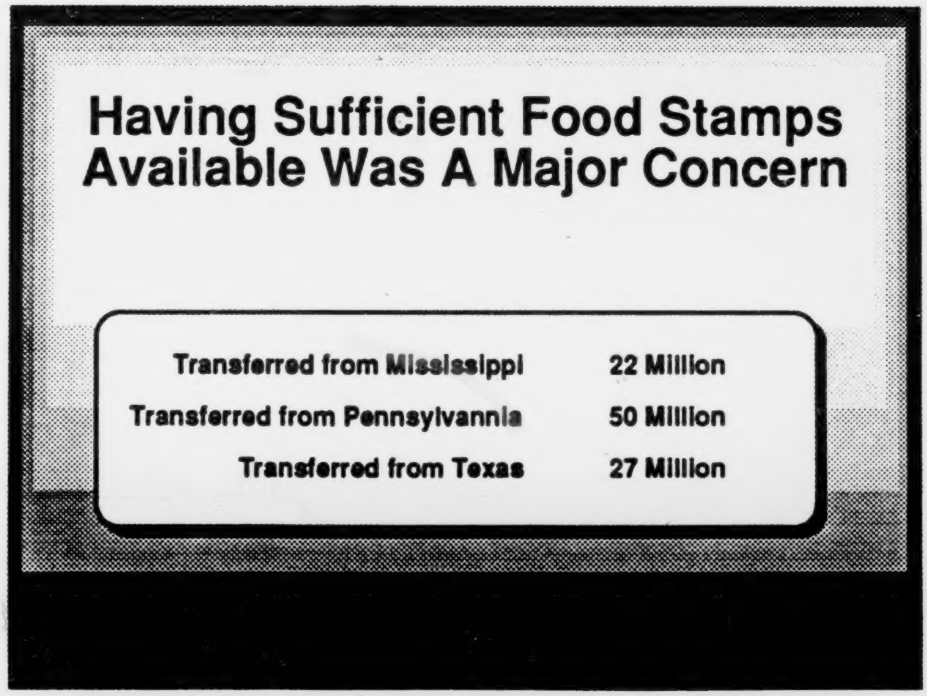
* Richland County areas declared eligible for emergency food stamps: Hopkins(29078), Gadsden (29052), Eastover (29044)



Counties Declared Eligible for Emergency Food Stamps

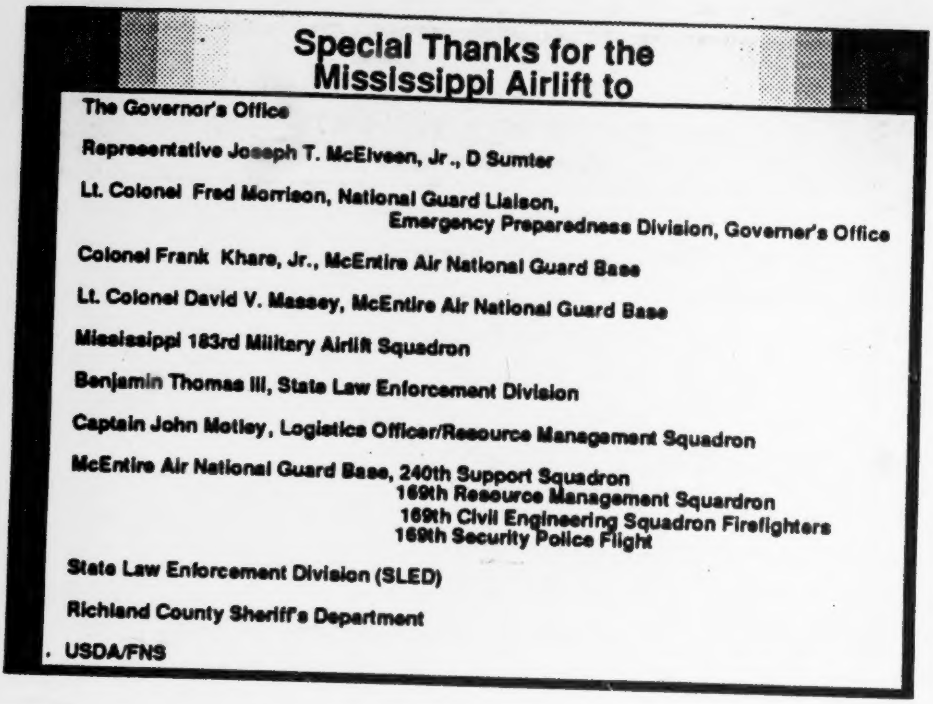
County	Submitted to FNS	Approved by FNS	Operational
*Colleton	September 29-30, October 2	October 3	October 3
Dillon	September 30, October 2	October 3	October 3
Marlboro	September 30	Denied	

* Colleton County areas declared eligible for emergency food stamps: Roundo (29474), Cottageville (29435), Jacksonboro (29452), Green Pond (29446).



Having Sufficient Food Stamps Available Was A Major Concern

Transferred from Mississippi	22 Million
Transferred from Pennsylvannia	50 Million
Transferred from Texas	27 Million



Special Thanks for the Mississippi Airlift to

The Governor's Office

Representative Joseph T. McElveen, Jr., D Sumter

Lt. Colonel Fred Morrison, National Guard Liaison,
Emergency Preparedness Division, Governor's Office

Colonel Frank Khare, Jr., McEntire Air National Guard Base

Lt. Colonel David V. Massey, McEntire Air National Guard Base

Mississippi 183rd Military Airlift Squadron

Benjamin Thomas III, State Law Enforcement Division

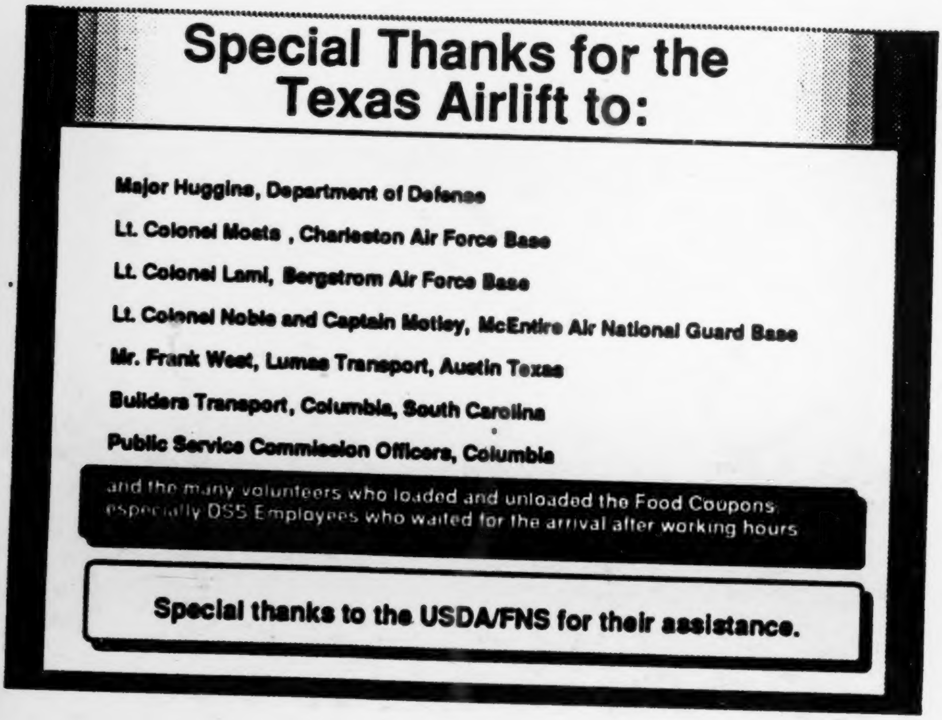
Captain John Motley, Logistics Officer/Resource Management Squadron

McEntire Air National Guard Base, 240th Support Squadron
169th Resource Management Squadron
169th Civil Engineering Squadron Firefighters
169th Security Police Flight

State Law Enforcement Division (SLED)

Richland County Sheriff's Department

USDA/FNS



Special Thanks for the Texas Airlift to:

Major Huggins, Department of Defense

Lt. Colonel Moats , Charleston Air Force Base

Lt. Colonel Lami, Bergstrom Air Force Base

Lt. Colonel Noble and Captain Motley, McEntire Air National Guard Base

Mr. Frank West, Lumas Transport, Austin Texas

Builders Transport, Columbia, South Carolina

Public Service Commission Officers, Columbia

and the many volunteers who loaded and unloaded the Food Coupons
especially DSS Employees who waited for the arrival after working hours

Special thanks to the USDA/FNS for their assistance.

Special Thanks for the Handling, Storage, Delivery, and Security of Food Stamps to:

Palmetto Express, Inc., Columbia, South Carolina

Cost Containment, Inc., Raleigh, North Carolina

Systems & Methods, Inc., Carrolton, Ga.

Builder Transport, Columbia, South Carolina

Wells Fargo, Columbia, South Carolina

SLED

Public Service Commission Officers

Georgia Highway Patrol

Richland County Sheriff's Department

Barton Security Company

and the many DSS Employees who drove day and night delivering Food Coupons to the Disaster Counties.

Special Recognition

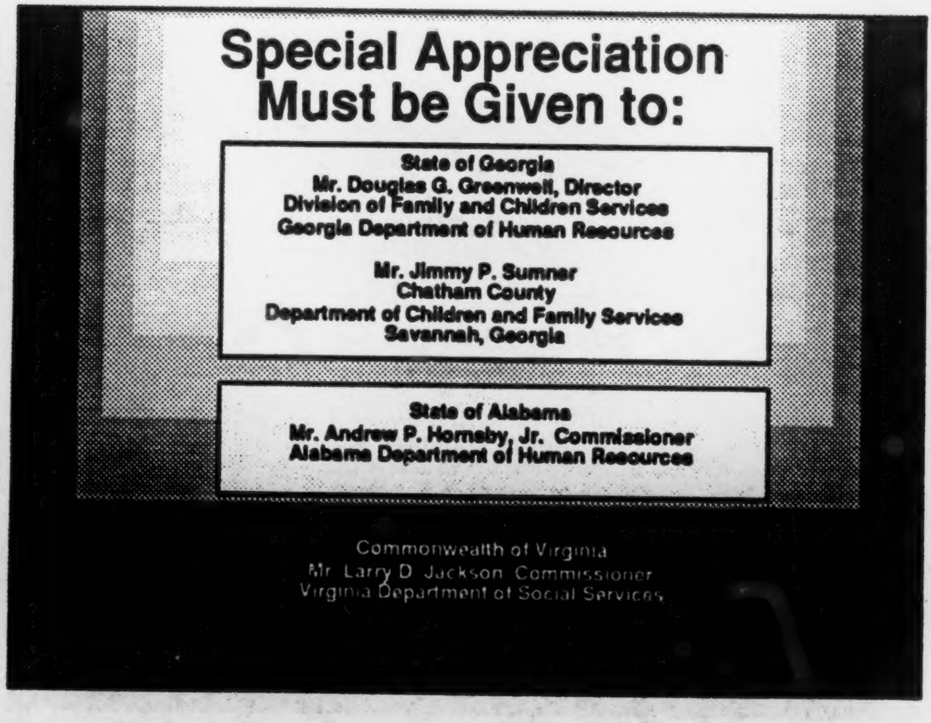
[illegible]

These include, but are not limited to:

- The Governor's Office
- Red Cross
- Salvation Army
- NAACP
- Private Sector
- Churches

In order to assist County DSS Personnel in responding to the emergency food assistance needs in the impacted counties, it was necessary to quickly mobilize additional staff.

County	Req.	Total Assigned	From Other Counties	From State Office	Federal Staff	Other States	Temp. Staff
Berkeley	34	34	10	14	10	-	-
Calhoun	8	8	-	7	-	-	1
Charleston	104	104	39	32	18	15(Ga.)	-
Chester	13	13	3	9	1	-	-
Chesterfield	2	2	-	1	1	-	-
Clarendon	27	27	8	18	1	-	-
Colleton	4	4	2	2	-	-	-
Darlington	4	4	-	3	1	-	-
Dillon	1	1	-	1	-	-	-
Dorchester	34	34	14	14	4	-	2
Fairfield	2	2	-	2	-	-	-
Florence	48	48	11	23	-	1(Ga.)	13
Georgetown	53	53	2	18	5	28(Ga.)	-
Horry	39	39	14	6	7	12(Ga.)	-
Kershaw	7	7	1	6	-	-	-
Lancaster	27	27	5	22	-	-	-
Lee	22	22	7	11	3	3	-
Marion	0	0	-	-	-	-	-
Orangeburg	11	11	6	5	-	-	-
Richland	48	48	1	28	2	2(Va.) ,6(Ala.)	7
Sumter	89	89	10	65	-	- 2(Ga.)	14
Williamsburg	8	8	-	7	1	-	-
York	22	22	13	9	-	-	-
Total:	607	607	146	303	54	66	38



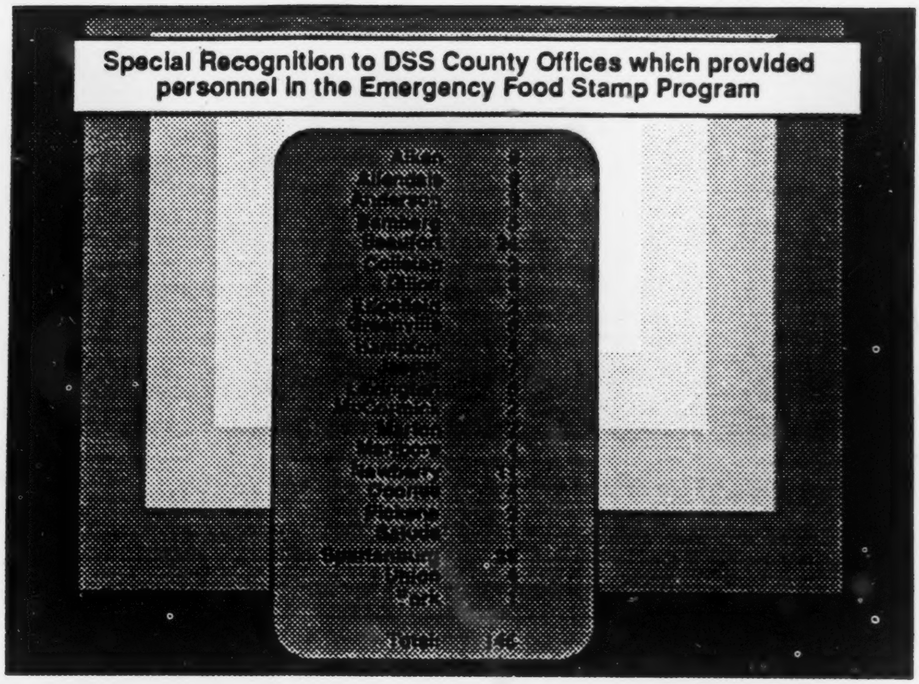
Special Appreciation Must be Given to:

State of Georgia
Mr. Douglas G. Greenwell, Director
Division of Family and Children Services
Georgia Department of Human Resources

Mr. Jimmy P. Sumner
Chatham County
Department of Children and Family Services
Savannah, Georgia

State of Alabama
Mr. Andrew P. Hornsby, Jr. Commissioner
Alabama Department of Human Resources

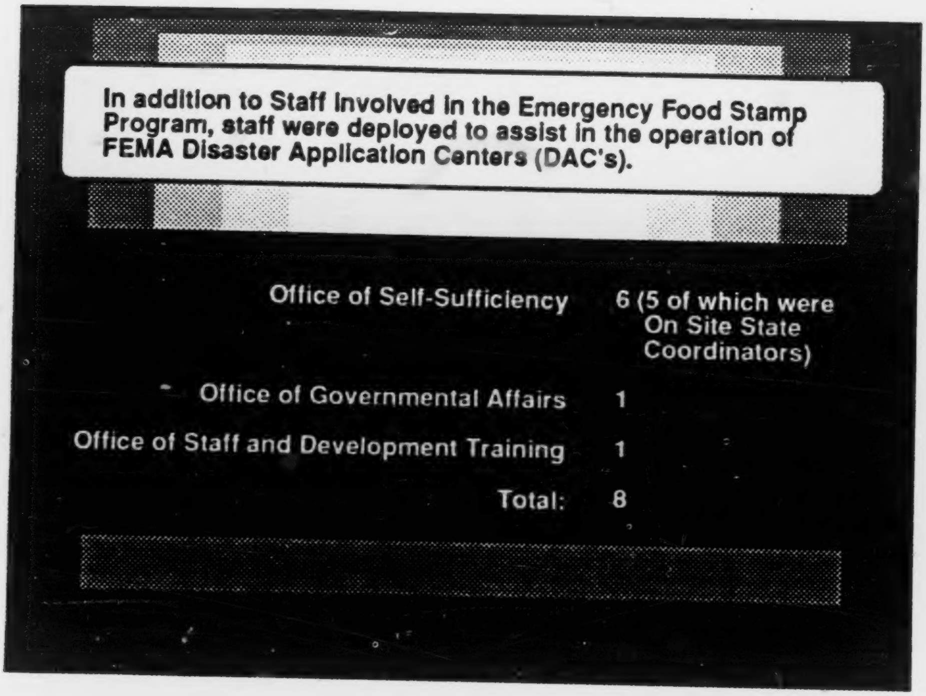
Commonwealth of Virginia
Mr. Larry D. Jackson Commissioner
Virginia Department of Social Services



Special Recognition to DSS County Offices which provided personnel in the Emergency Food Stamp Program

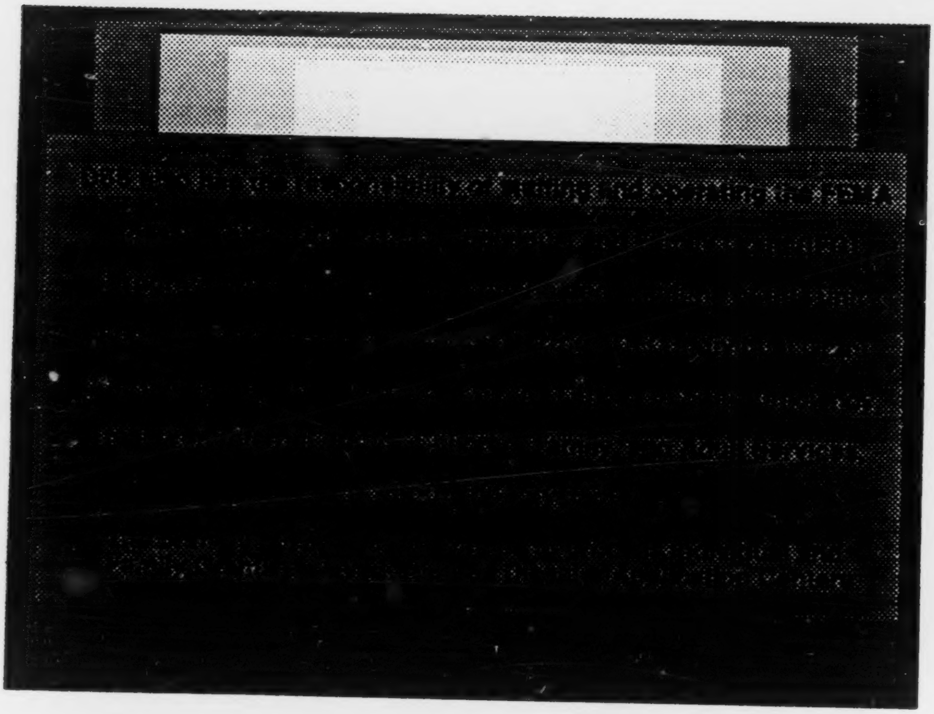
In addition to County based staff, considerable staff resources were needed to support the Emergency Food Stamp operation at the State level.

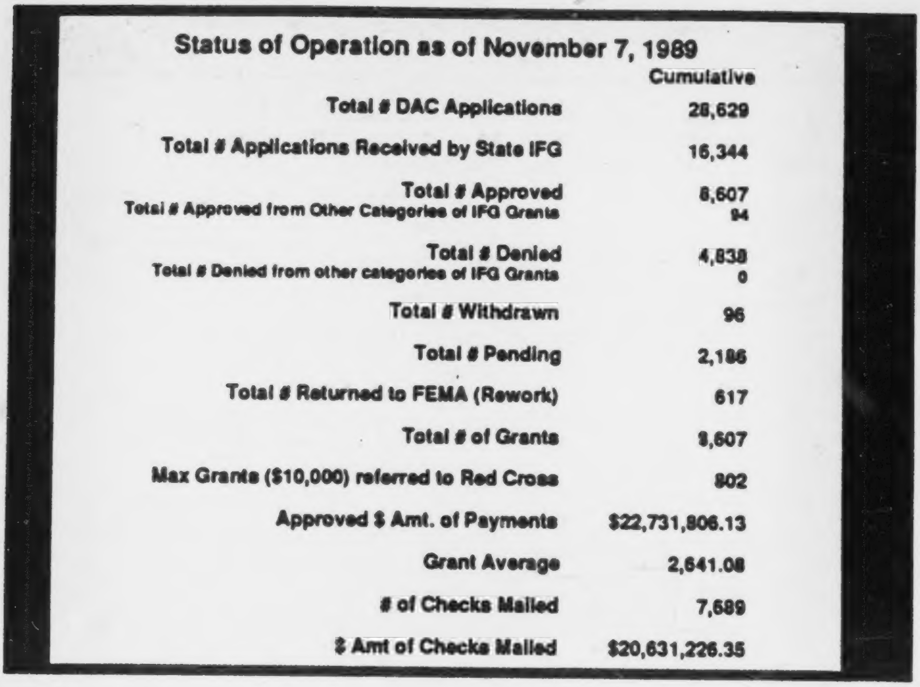
Office of Self-Sufficiency	68
Office of Personnel	10
Office of Internal Audits	23
Office of Investigations	16
Vehicle Management	1
Office of Planning and Research	2
Office of Support Services	7
Office of Public Affairs	2
Office of Information Systems	12
Total:	**141**



In addition to Staff Involved in the Emergency Food Stamp Program, staff were deployed to assist in the operation of FEMA Disaster Application Centers (DAC's).

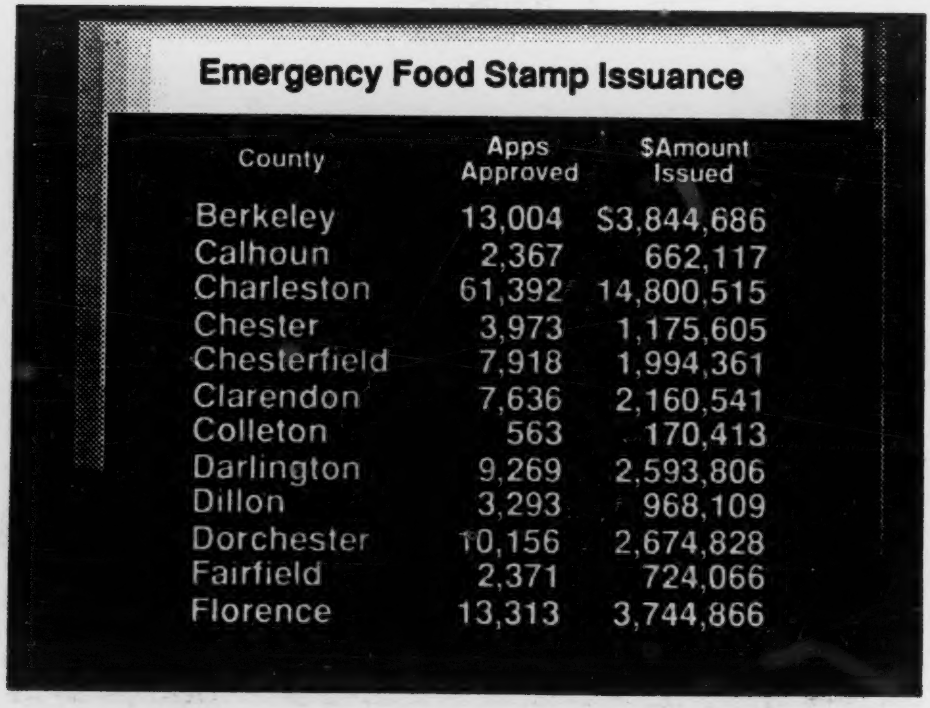
Office of Self-Sufficiency	6 (5 of which were On Site State Coordinators)
Office of Governmental Affairs	1
Office of Staff and Development Training	1
Total:	8





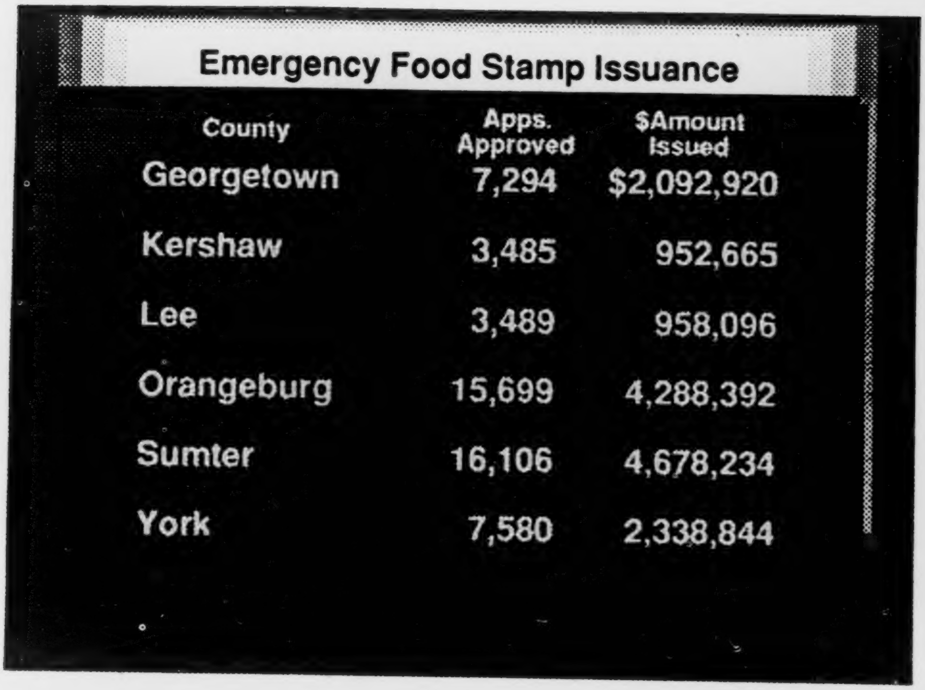
Status of Operation as of November 7, 1989

	Cumulative
Total # DAC Applications	28,629
Total # Applications Received by State IFG	16,344
Total # Approved	8,607
Total # Approved from Other Categories of IFG Grants	94
Total # Denied	4,838
Total # Denied from other categories of IFG Grants	0
Total # Withdrawn	96
Total # Pending	2,186
Total # Returned to FEMA (Rework)	617
Total # of Grants	8,607
Max Grants ($10,000) referred to Red Cross	802
Approved $ Amt. of Payments	$22,731,806.13
Grant Average	2,641.08
# of Checks Mailed	7,689
$ Amt of Checks Mailed	$20,631,226.35



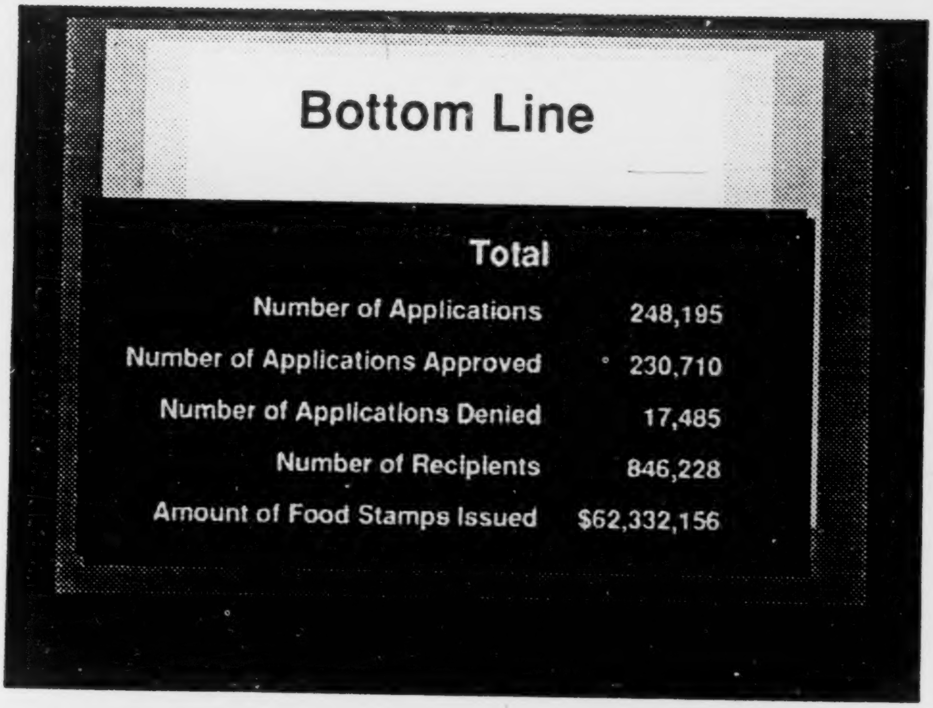
Emergency Food Stamp Issuance

County	Apps Approved	$Amount Issued
Berkeley	13,004	$3,844,686
Calhoun	2,367	662,117
Charleston	61,392	14,800,515
Chester	3,973	1,175,605
Chesterfield	7,918	1,994,361
Clarendon	7,636	2,160,541
Colleton	563	170,413
Darlington	9,269	2,593,806
Dillon	3,293	968,109
Dorchester	10,156	2,674,828
Fairfield	2,371	724,066
Florence	13,313	3,744,866



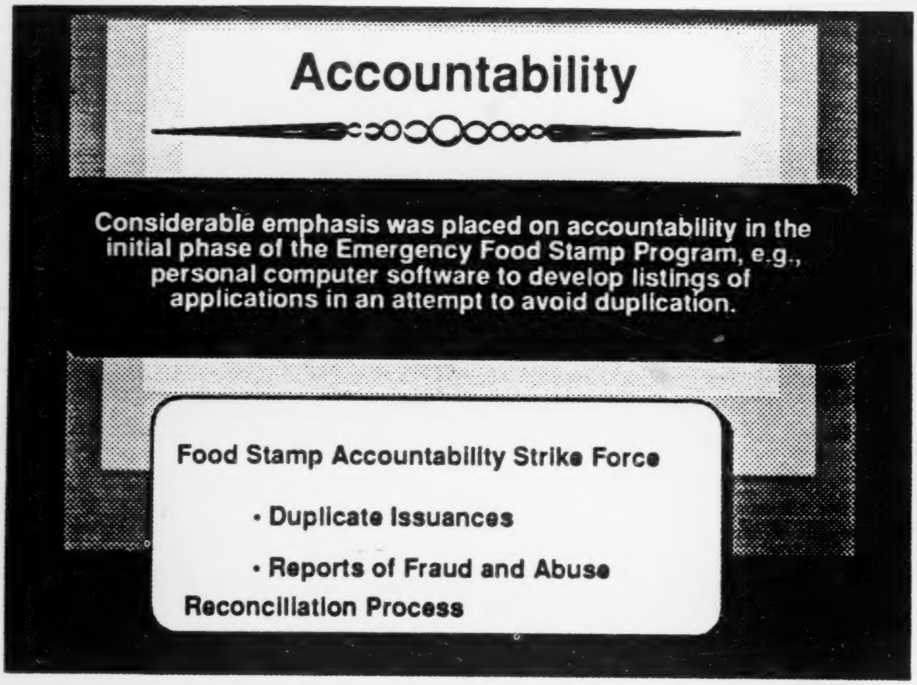
Emergency Food Stamp Issuance

County	Apps. Approved	$Amount Issued
Georgetown	7,294	$2,092,920
Kershaw	3,485	952,665
Lee	3,489	958,096
Orangeburg	15,699	4,288,392
Sumter	16,106	4,678,234
York	7,580	2,338,844



Bottom Line

	Total
Number of Applications	248,195
Number of Applications Approved	230,710
Number of Applications Denied	17,485
Number of Recipients	846,228
Amount of Food Stamps Issued	$62,332,156



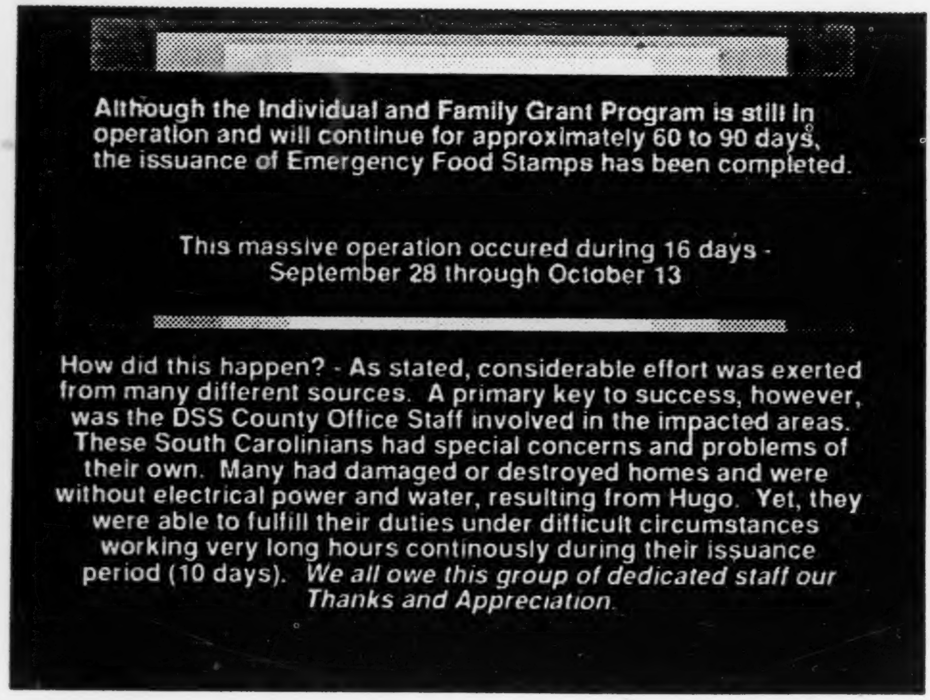
Accountability

Considerable emphasis was placed on accountability in the initial phase of the Emergency Food Stamp Program, e.g., personal computer software to develop listings of applications in an attempt to avoid duplication.

Food Stamp Accountability Strike Force

- Duplicate Issuances
- Reports of Fraud and Abuse

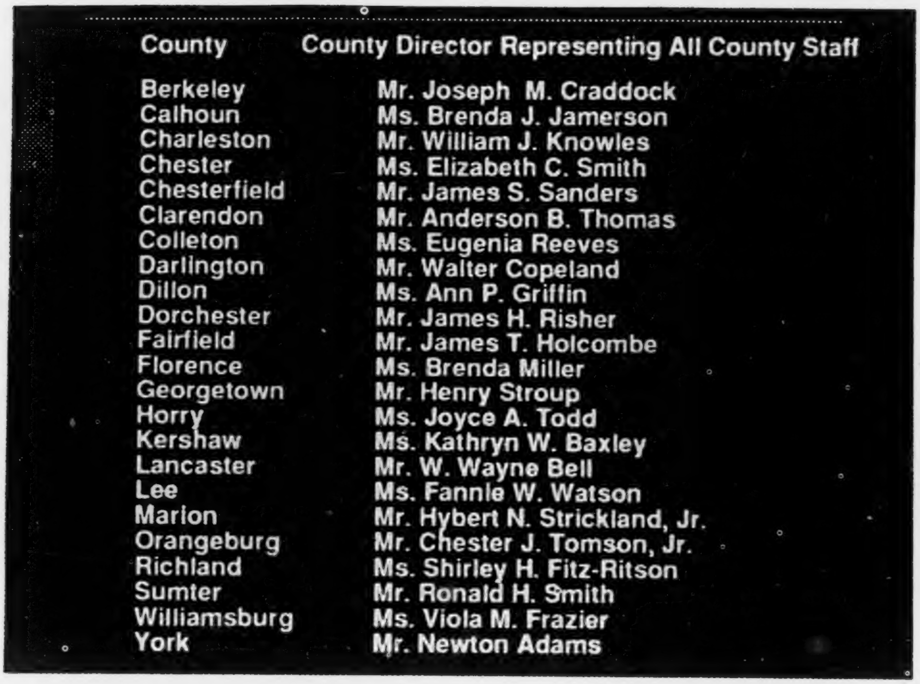
Reconciliation Process



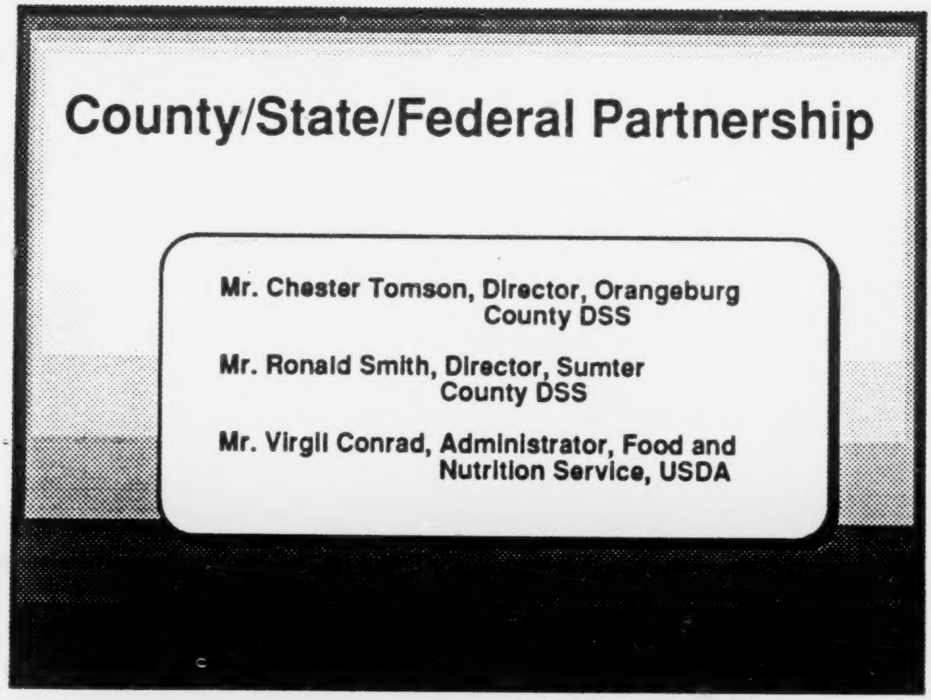
Although the Individual and Family Grant Program is still in operation and will continue for approximately 60 to 90 days, the issuance of Emergency Food Stamps has been completed.

This massive operation occured during 16 days - September 28 through October 13

How did this happen? - As stated, considerable effort was exerted from many different sources. A primary key to success, however, was the DSS County Office Staff involved in the impacted areas. These South Carolinians had special concerns and problems of their own. Many had damaged or destroyed homes and were without electrical power and water, resulting from Hugo. Yet, they were able to fulfill their duties under difficult circumstances working very long hours continously during their issuance period (10 days). *We all owe this group of dedicated staff our Thanks and Appreciation.*



County	County Director Representing All County Staff
Berkeley	Mr. Joseph M. Craddock
Calhoun	Ms. Brenda J. Jamerson
Charleston	Mr. William J. Knowles
Chester	Ms. Elizabeth C. Smith
Chesterfield	Mr. James S. Sanders
Clarendon	Mr. Anderson B. Thomas
Colleton	Ms. Eugenia Reeves
Darlington	Mr. Walter Copeland
Dillon	Ms. Ann P. Griffin
Dorchester	Mr. James H. Risher
Fairfield	Mr. James T. Holcombe
Florence	Ms. Brenda Miller
Georgetown	Mr. Henry Stroup
Horry	Ms. Joyce A. Todd
Kershaw	Ms. Kathryn W. Baxley
Lancaster	Mr. W. Wayne Bell
Lee	Ms. Fannie W. Watson
Marion	Mr. Hybert N. Strickland, Jr.
Orangeburg	Mr. Chester J. Tomson, Jr.
Richland	Ms. Shirley H. Fitz-Ritson
Sumter	Mr. Ronald H. Smith
Williamsburg	Ms. Viola M. Frazier
York	Mr. Newton Adams

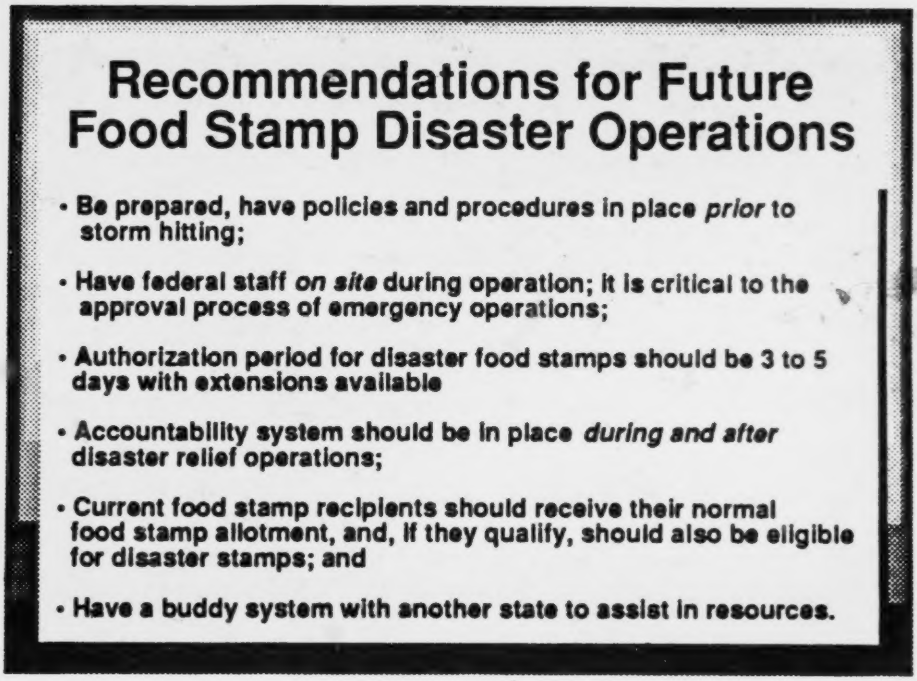


County/State/Federal Partnership

Mr. Chester Tomson, Director, Orangeburg County DSS

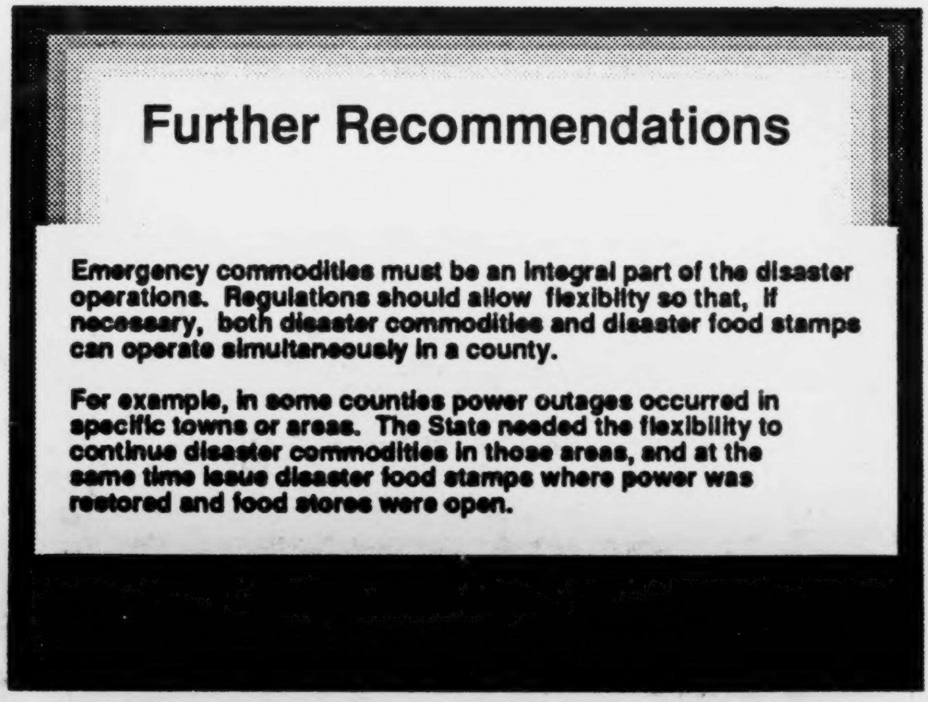
Mr. Ronald Smith, Director, Sumter County DSS

Mr. Virgil Conrad, Administrator, Food and Nutrition Service, USDA



Recommendations for Future Food Stamp Disaster Operations

- Be prepared, have policies and procedures in place *prior* to storm hitting;
- Have federal staff *on site* during operation; it is critical to the approval process of emergency operations;
- Authorization period for disaster food stamps should be 3 to 5 days with extensions available
- Accountability system should be in place *during and after* disaster relief operations;
- Current food stamp recipients should receive their normal food stamp allotment, and, if they qualify, should also be eligible for disaster stamps; and
- Have a buddy system with another state to assist in resources.



Further Recommendations

Emergency commodities must be an integral part of the disaster operations. Regulations should allow flexibilty so that, if necessary, both disaster commodities and disaster food stamps can operate simultaneously in a county.

For example, in some counties power outages occurred in specific towns or areas. The State needed the flexibility to continue disaster commodities in those areas, and at the same time issue disaster food stamps where power was restored and food stores were open.

American Red Cross

National Headquarters
Washington, DC 20006

Statement by Robert D. Vessey
National Director, Disaster Services
American Red Cross
Before the Subcommittee on Domestic
Marketing, Consumer Relations and
Nutrition
Committee on Agriculture
U.S. House of Representatives
November ~~16~~, 1989
15

Mr. Chairman, I am Robert D. Vessey, National Director of Disaster Services, American Red Cross. I appreciate the opportunity to appear before the Subcommittee on Domestic Marketing, Consumer Relations and Nutrition, of the Committee on Agriculture. I will be happy to answer any questions you may have after I have completed my brief statement.

The American Red Cross experience in disaster relief dates back one hundred and eight years, beginning with the Michigan Forest Fires of 1881. The organization's disaster role was formalized by Congress in June of 1900 and affirmed by the Act of Congress, January 5, 1905 as amended (36 U.S.C. Section 1 and following), entitled, " An Act to Incorporate the American National Red Cross." This role has been reaffirmed by the Congress in the Robert T. Stafford Disaster Relief and Emergency Assistance Act, P.L. 100-707 and has been further defined in a Statement of Understanding between the Red Cross and the Federal Emergency Management Agency. The Red Cross has working relationships with other federal, state and local units of government, as well as other voluntary organizations involved in disaster-related programs.

Red Cross disaster assistance may be in the form of fixed or mobile feeding stations, clothing, mass or individual shelter, cleaning supplies, comfort kits, first aid or other supplementary medical care, or the provision of other basic needs.

Simultaneously, or as soon as possible, the Red Cross also provides to individual families help with their most urgent needs so that they can resume living as families rather than in shelters. Assistance to families is given on the basis of verified need. Help may include funds for food, clothing, housing, fuel, cooking and eating utensils, bed and bedding, cleaning supplies, linens, rent, necessary furniture, medical and health care, prescription drugs, dentures and other prosthetic devices, eyeglasses, personal occupational supplies and equipment, transportation, and minor home repairs to make a home livable again.

In so doing, the Red Cross utilizes all available resources, including those of the family, if they can be used without causing undue hardship; the resources of federal, state, and local government; and private agencies' disaster relief capabilities, in addition to the resources of the Red Cross.

The Red Cross refers families to available governmental resources and, if necessary, assists families in making application for such aid. The Red Cross may also refer disaster victims to other ongoing programs that could benefit the family.

Although the Red Cross has no written statement of understanding with the U.S. Department of Agriculture, we have had a long cooperative relationship dating back to 1927. The American Red Cross and the U.S. Department of Agriculture are signatories to the letter of agreement to develop and maintain the federal response capability under the Plan for Federal Response to a Catastrophic Earthquake. We develop and exercise elements of that plan in close association.

Since September 17, 1989, when Hurricane Hugo struck the U.S. Virgin Islands and proceeded to seriously affect Puerto Rico and the Mainland United States principally in North Carolina and South Carolina, the American Red Cross has been engaged in a massive relief effort. The Red Cross, like the governments involved, found its human and material resources severely stretched by Hurricane Hugo. On October 17, 1989, in the early evening hours, an earthquake occurred in Northern California which stretched those resources even further.

Since September, the Red Cross has sheltered 173,000 persons, served 10 million meals and given emergency financial assistance to over 125,000 individuals and families. Over 8,000 Red Cross paid and volunteer staff have been involved in the relief efforts. The food commodities from the Department of Agriculture were a major factor in the ability of the American Red Cross to provide feeding for disaster victims at fixed locations and through mobile feeding.

The American Red Cross had three Disaster Relief Operations established and the comments that follow are related to the use of USDA Commodities on these operations.

Hurricane Hugo Caribbean: The Red Cross included the Virgin Islands and Puerto Rico as part of this operation.

In Puerto Rico over 242,000 pounds of USDA commodities were used through the school lunch program system to provide meals in shelters, through a cooperative arrangement between the Commonwealth of Puerto Rico and the American Red Cross.

In the Virgin Islands, principally in St. Croix, 4,250,000 pounds of USDA commodities were processed and distributed to sites on the island for bulk distribution to affected families at the rate of 75 tons daily.

The question of variety of commodities available was an identified concern for the bulk distribution operation on St. Croix. There were usually three choices of protein and three choices for vegetables, but the extended length of this operation caused disaster victims to request more variety.

The shipments were palletized which made handling easier. There were occasional mixups in receiving shipments not accompanied by manifests for the shipments made to the Virgin Islands.

Plans to discontinue use of USDA commodities have tentatively been set for November 18, 1989 as food stamp issuance proceeds.

The professionalism, concern for disaster victims' well-being and the emergency responsiveness of the Food and Nutrition personnel that the Red Cross worked with in the Virgin Islands and Puerto Rico were appreciated.

Hurricane Hugo Mainland: USDA commodities were extensively used in providing mass care to disaster victims and emergency workers. As of November 6, 1989, 1,108,387 pounds of USDA commodities were issued to the Red Cross and delivered to the ARC Disaster Warehouse in Walterboro, South Carolina. These commodities were obtained through appropriate channels at the local, state, and regional levels.

The variety of foods available was appropriate for mass feeding. USDA cheese was the only commodity in short supply. There were no logistical problems for the Red Cross. The shipments were made to our warehouse within 12 to 18 hours from the time of the request.

Initial contact with the Atlanta Regional office of USDA was made on September 22nd by our Mass Care Officer from the Atlanta airport while enroute to South Carolina. An order was placed later on that date and the initial shipment arrived at the ARC Warehouse on September 23, 1989.

Feeding operations were terminated on November 4, 1989, and remaining balances of USDA commodities were shipped to locations designated by Food and Nutrition Service personnel, completing a 43-day usage of these commodities.

Red Cross Mass Care personnel stated the working relationships between Food and Nutrition Service personnel was excellent for both North Carolina and South Carolina. The effectiveness and speed that shipments were made by USDA personnel greatly assisted the Red Cross in its feeding operations.

Northern California Earthquake: This operation has used a much smaller quantity of USDA commodities due to an unprecedented response by private industry donors. There were contacts made with ARC Mass Care Officers by Food and Nutrition Personnel at the onset of the event. A close and frequent contact has been maintained.

As of November 9, 1989, only 26,000 pounds of USDA commodities have been used by the Red Cross. These commodities were nearly equally divided in use between Red Cross District Operations in San Francisco and Oakland and the Red Cross District in Santa Cruz serving Watsonville, Santa Cruz, Monterey Country, San Benito, and Santa Clara County. The last shipment was sent on November 8, 1989, to support feeding operations in Oakland.

The variety of foods available was suited for ARC use in mass feeding but the anomaly of the unprecedented support from the private sector made the use of USDA commodities less necessary on this operation.

The Food and Nutrition Service personnel were prompt in contacting ARC personnel and willing to assist in supporting our mass feeding operations.

In summary, the Food and Nutrition Service personnel working with the Red Cross were helpful and resourceful in meeting our requests. Their emergency orientation and concern about meeting the food needs of disaster victims are greatly appreciated.

We believe the USDA Commodity Program is an essential component of response to the needs of the American people in time of disaster. As we review our experiences on these operations, we expect to be able to improve our response. We look forward to working with USDA personnel, particularly those of the Food and Nutrition Service, to improve our capacity as a nation to respond to potential catastrophic events.

We appreciate the opportunity to appear before you today and are ready to answer any questions you or other committee members may have.

TESTIMONY OF
FOYLEN L. BRYANT
BEFORE THE
SUBCOMMITTEE ON DOMESTIC MARKETING,
CONSUMER RELATIONS, AND NUTRITION
OF THE HOUSE OF REPRESENTATIVES
COMMITTEE ON AGRICULTURE
WASHINGTON, D.C.
NOVEMBER 15, 1989

Mr. Chairman and members of the Subcommittee on Domestic Marketing, Consumer Relations and Nutrition, I am Foylen Bryant, Assistant Staff Director with the Florida Department of Health and Rehabilitative Services. I am the administrator of the Commodity Distribution Program for Florida, which is the fourth largest program in the country. I am speaking to you today in my capacity as a member of the National Advisory Council on Commodity Distribution. I appreciate the opportunity to share with you the work of that group along with the issues and concerns identified by the Council.

Authorized under PL 100-237, the Council is comprised of fifteen members appointed by the Secretary of Agriculture. In addition to the appointed membership, four (4) staff of the Department serve as Chairperson, Vice Chairperson, Executive Secretary and

Regional Representative. The membership of the Council is quite diverse. Representation includes two (2) state distributing agencies and representatives from the various related nutrition programs - School Feeding Program (3 members), Child Care Food Program (CCFP), Nutrition Program for the Elderly (NPE), Food Distribution Program on Indian Reservations (FDPIR) and the Commodity Supplemental Food Program (CSFP). There is also a representative from a State Advisory Council. The Council membership also includes representatives from two (2) agricultural organizations and three (3) members from the commercial food service industry. A complete listing of the members is included in 1989 Annual Report to Congress which was submitted in October of this year. A reprint of that report is included as a part of my testimony as Attachment A.

Each member of the Council brings unique talents, skills and experiences to the effort. The members have made a commitment to a partnership approach to improving the commodity distribution program. The Council has recognized and continues to recognize improvements initiated by USDA. The Council supports the commodity distribution program and feels that the implementation of the recommendations will improve and strengthen the program. The Commodity Distribution Program is a vital and viable method of continuing, as well as stabilizing, the agricultural industry and providing wholesome, nutritious foods to outlets to help provide meals to their recipients.

The Council operates in a somewhat unique style. All the members have had first hand experience in the Commodity Distribution Program. As a result, the issues identified and the recommendations formulated were the result of the experience and interaction of the membership. The recommendations were refined until all members could concur. In other words, the recommendations are original to the Council and have the total support of the members.

The report, while not lengthy, addresses ten (10) issues and submits thirty-five (35) recommendations. Four of the recommendations would require a legislative change while the remaining recommendations are procedural in nature. The Council chose to address program operational and managerial, rather than philosophical, areas The only exceptions to this is a recommendation in respect of the utilization of dietary guidelines in product specifications and the opposition to continuing the Cash and Commodity Letter of Credit pilot projects which expire in December 1992.

The specific issues in the 1989 report are as follows:

1. Commodity Specifications
2. Timeliness of USDA Deliveries
3. Warehousing and Distribution
4. Processing, Reprocessing and Fee for Service Contracts

5. Semiannual Commodity Acceptability Information
6. Method of Calculating State Entitlements
7. Continuation of Cash and Commodity Letter of Credit (CLOC) Sites
8. USDA Procedures for Products Placed on Hold or Recalled
9. Technical Assistance to States and Local Agencies
10. Duration of Food Service Management Contracts

The recommendations requiring legislative action include:

1. Exempting TEFAP, FDPIR, NPE and CSFP from the commercial warehousing and distribution provisions of the Commodity Reform Act.
2. Exempting states, where a majority of costs are paid from state and local funds and recipient agencies are not charged fees, from the evaluation requirement and from converting to a commercial system.
3. Requiring the collection of data on food preferences every other year in lieu of semiannually.
4. Requiring that the planned assistance level and State entitlement calculations be based on participation data from the preceding year rather than the current year.

During the recent meeting, October 18-19, 1989, of the National Advisory Council, other issues were identified for review and discussion. These issues will formulate the basis for our 1990 report. The issues are divided into five broad areas and a draft of those issues are included as Attachment B of this testimony.

I would like to highlight a few of those issues. During the upcoming year the Council will explore dietary issues as they relate to development of nutrition policies. An example is the food package for FDPIR. The utilization of preference or acceptability information on nutrition policies will also be reviewed.

Another major area of review will be the overall purchasing procedures and practices of USDA. The Council will take a look at the methods of advance planning, forecasting and communicating purchasing information to those affected, with a goal of making more products available at the beginning of the school year. The Council is concerned with the flow of products which ensure good buying practices and effective utilization.

The Council also plans to discuss specific programs including the Temporary Emergency Food Assistance Program (TEFAP), Nutrition Program for the Elderly and the Child Care Food Program. The composition of State Advisory Councils will be reviewed also.

The Council also hopes to address areas and make recommendations to eliminate duplication where possible. One area we plan to review deals with audit requirements in the processing program. The Council has a goal of reducing the paperwork of the Commodity Distribution program whenever practicable.

The Council supports the Commodity Distribution Program and will continue to direct its' effort and expertise to improve the program. The Council has commended the Department of Agriculture for its' effort to make improvements. The Council endorses and supports a partnership approach to the resolution of identified issues and concerns.

Your interest and support - - participating as an active member of the partnership - - will help all of us involved in the Commodity Distribution Program to find workable solutions to the issues we face.

Again, I appreciate the opportunity to speak with you for the National Advisory Council.

(Attachments follow:)

ATTACHMENT A

National Advisory Council on Commodity Distribution

1989 Annual Report

First Report to the President
and the Congress

28-625 1049

BEST AVAILABLE COPY

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October 1989

Introduction

The U.S. Department of Agriculture's (USDA) commodity program began in the early 1930's to assist American farmers by removing surplus foods from the normal channels and distributing them to needy persons. The program operates basically the same today, although the number of outlets benefiting from the program has increased substantially. Commodities are purchased by the Agricultural Marketing Service and the Agricultural Stabilization and Conservation Service for donation to Food and Nutrition Service (FNS) outlets. Commodities are provided through 10 domestic nutrition assistance programs: the National School Lunch and School Breakfast Programs, the Summer Food Service Program, the Child Care Food Program, the Commodity Supplemental Food Program, the Temporary Emergency Food Assistance Program, the Nutrition Program for the Elderly, the Food Distribution Program on Indian Reservations, the Charitable Institution Program, the Soup Kitchen/Food Bank Program, and summer camps. Commodities can also be provided to victims of disasters.

Public Law 100-237, the Commodity Distribution Reform Act of 1987 signed by President Reagan on January 8, 1988, made a number of substantive changes in the food distribution program. Section 3(a) (3) of the act required the Secretary of Agriculture to establish a National Advisory Council on Commodity Distribution. The Council meets twice a year and provides an annual report to the Secretary and the following in Congress: the House Committee on Education and Labor; the House Committee on Agriculture; and the Senate Committee on Agriculture, Nutrition, and Forestry.

The 15 members selected by the Department for the Council (listed at the end of this report) include:

- three school food service directors
- two commercial food processors
- one commercial distributor
- two representatives of agricultural organizations
- one Food Distribution Program on Indian Reservations representative
- one Nutrition Program for the Elderly representative
- one Commodity Supplemental Food Program representative
- two State distributing agents
- one State advisory council representative
- one Child Care Food Program representative

The purpose of the Council, as specified in the law, is to advise the Secretary on regulations and policy development with respect to specifications for commodities. However, the Department has advised the Council that additional recommendations involving other areas of the program would be welcome.

This report includes the Council's formal recommendations and provides background information on the issues. The Department is currently analyzing each recommendation to determine its feasibility and desirability.

Meetings of the National Advisory Council on Commodity Distribution

The first meeting of the National Advisory Council was held October 18-20, 1988, in Washington, DC. The Council agreed on the general program areas that warranted further attention and recommendations. These areas included:

- commodity specifications
- processing of commodities by private companies
- timeliness of the USDA deliveries
- State warehousing and distribution of donated foods to local agencies

The second meeting of the Council was held May 10-12, 1989, in Arlington, Virginia. Discussions from both meetings provided the basis for the formulation of recommendations adopted by the Council for inclusion in this report. Recommendations in other areas were also developed.

The following statement by the Council is a preface to the formal recommendations that follow:

> "The Council wishes to acknowledge the cooperation and assistance provided by the staff of USDA in the operation of the Council. The staff consistently demonstrated a willingness to address the concerns raised, to research issues identified, and to respond to identified areas of improvement. The recent actions initiated by the Department have made significant improvements in terms of product nutritional quality, acceptability, and delivery. The Council supports these efforts as outlined in the following recommendations. A prevailing theme throughout the Council's interaction, and included in the recommendations, is a partnership approach. Each sector of the commodity program must join together to build a successful system. The Council, by its very existence and composition, evidences and supports this partnership."

Issues and Recommendations

Issue: Commodity Specifications

Background: Both the Agricultural Stabilization and Conservation Service (ASCS) and the Agricultural Marketing Service (AMS) have the major responsibility for writing specifications for commodities they purchase for FNS programs. AMS also develops and coordinates Federal specifications for all Government agencies procuring foods. The Federal specifications and Commercial Item Descriptions are documents that outline the salient characteristics and analytical requirements of a particular product. The Food and Drug Administration establishes standards of identity for most food products. Specifications for each commodity to be purchased are included in the purchase announcement that is sent to interested suppliers.

A number of changes have been made to improve commodity specifications, many of which respond to comments received from food service directors, State distributing agencies, and State advisory councils, and through USDA's complaint system. These changes required the cooperation of the three Department agencies responsible for the commodity program: AMS, ASCS, and FNS. Some of the changes have reduced the level of sugar, salt, and fats in donated commodities. For example, the Department no longer permits the use of tropical oils, and all fruits are packed in light syrup or juice. Public Law 100-237 requires the Department to develop commodity specifications based on recipient agency preferences and to ensure that commodities are consistent with the Dietary Guidelines for Americans developed jointly by the U.S. Department of Agriculture and the U.S. Department of Health and Human Services. The legislation also requires the Department to develop a system to provide recipient agencies with options on package sizes and forms of commodities, based on input from recipients. Most AMS and ASCS purchase announcements offer discounts for products that marginally do not meet specifications. For example, the fat content of frozen ground beef is specified at 22 percent. However, products will be accepted at a discount up to 24 percent. The Council has voiced some concerns about this policy.

Recommendations:

- The Department should continue using the Dietary Guidelines as a consideration in developing commodity specifications and in reviewing existing specifications.
- The Department should begin an analysis to determine if the products purchased at a discount are acceptable for program use, and the frequency of the purchases made.
- In adjusting package sizes in response to recipient agency preferences, the Department should attempt to maintain an overall container weight of 30 to 50 pounds for institutional packaged items.
- The Department is urged to continue its efforts to evaluate products, including acceptability information and comments from recipient agencies.
- The Department should not purchase any products containing tropical oils.
- Food package offerings for the Commodity Supplemental Food Program should include a variety of pasta products.

- Nutritional analysis or nutritional labeling should be investigated for all USDA commodities, especially items used in the Commodity Supplemental Food Program and the Food Distribution Program on Indian Reservations.
- Instructions and information on all containers should be reviewed to ensure that the instructions comply with the Dietary Guidelines.
- The Department is urged to explore the possibility of offering fruits packed in fruit juice or water pack especially for the Commodity Supplemental Food Program, the Food Distribution Program on Indian Reservations, and the Nutrition Program for the Elderly.

Issue: Timeliness of USDA Deliveries

Background: To operate more cost-effectively, States and schools need to know when ordered commodities will be received. Purchases, processing of orders, mode of transportation, and vendor performance affect the timing of commodity shipments. In the past 2 years, the Department has taken several steps to improve the predictability of receiving commodities. While these steps have improved timeliness of commodity shipments, the current system cannot predict receipt of commodity shipments with sufficient accuracy. The Department typically purchases commodities on a shipping-period basis. Invitations soliciting bids indicate specific periods when the vendor is obligated to ship commodities. These timeframes are usually the first and second half of a given month. Under shipping-period purchasing, a vendor is not contractually obligated to guarantee or attempt to control when a shipment will arrive at a destination. This system has caused a number of problems for both States and recipient agencies in not being able to plan for deliveries and use of the foods.

The Department has, however, pursued alternative systems to provide more predictable commodity deliveries. For school year 1988, the Agricultural Marketing Service and the Agricultural Stabilization and Conservation Service (ASCS) selected several products for a test of delivery-period purchasing. Under this system, vendors guarantee delivery for a period of time specified on the invitation to bid—usually 2 weeks. If through the fault of the vendor a shipment is not delivered within the required timeframe, liquidated damages are assessed against the vendor. State distributing agencies reacted favorably to the delivery-period test and seemed to prefer this system. Since they can assume receipt of commodoties by the dates specified, this system allows distributing agencies to plan commodity offerings to recipient agencies and to schedule deliveries. However, ASCS had operational problems with this system, and segments of industry objected to the liability it placed upon them and also cited operational problems.

ASCS is testing a modified-delivery-period system that will allow States to request delivery periods, but contract terms will be on a shipping-period basis. Wheat, flour, corn product, and peanut product suppliers are involved in this test. The basic concept is to target vendors' shipments, based on the shipping point of origin, geographic location of destination, and mode of transportation, to meet delivery periods specified on the food orders and invitation to bid. The results of this test will not be known for several months.

Recommendations:

- ASCS is commended for the recent efforts to improve the timeliness of commodity deliveries through the modified-shipping-period pilot. Further improvements will result if the Department:
  - Requires shippers to secure appointments for unloading commodities and enforce penalties for failure to comply.
  - Requires standard pallets or slipsheeting for all commodity deliveries and includes incentives for pallet exchange.
  - Initiates reprocessing meat purchase program by September 1 of each year to ensure delivery of product to processors in time for use by local agencies.
  - Contacts industry supply groups, and investigates the feasibility of initiating purchases earlier, thus achieving maximum benefit for suppliers and recipients.
  - Continues to implement procedures to ensure that shipments are received by designated consignees within a 2-week delivery window. The Department is commended for the actions already taken in this effort.

Issue: Warehousing and Distribution of Donated Food

Background:

The Commodity Distribution Reform Act, Public Law 100-237, requires each State distributing agency to evaluate its warehousing and distribution systems, to implement the most cost-effective and efficient system for providing warehousing and distribution services to recipient agencies, and to use commercial facilities unless the State applies for and is granted a waiver by USDA. Proposed rules were published on October 20, 1988, and the 90-day comment period closed January 18, 1989. The proposed rule would permit the continued use of noncommercial facilities only if the State demonstrates that its system is more cost-effective and efficient than a commercial alternative. By law, the provisions apply to all programs including the National School Lunch Program, the Food Distribution Program on Indian Reservations, the Temporary Emergency Food Assistance Program, the Commodity Supplemental Food Program, and the Charitable Institution Program.

Currently, USDA regulations require that distributing agencies, subdistributing agencies, and recipient agencies enter into *annual* written contracts for the leasing of storage facilities. This rule permits the contract to be extended at the option of both parties for two additional 1-year periods. Council members expressed the belief that lower overall costs and improved service can be obtained by allowing longer-term contracts.

Recommendations:

- The Commodity Distribution Reform Act should be amended to exclude smaller programs such as the Temporary Emergency Food Assistance Program, the Food Distribution Program on Indian Reservations, the Nutrition Program for the Elderly, and the Commodity Supplemental Food Program from the commercial warehousing and distribution provisions.*

- States should be exempted from the requirement to evaluate State distribution systems and to convert to a commercial system where the majority of costs are paid by State and/or local funds and recipient agencies are not charged storage and/or delivery fees.*
- The Department should continue to exempt local agencies that receive direct shipments from having to evaluate their individual warehousing and distribution systems.
- The duration of the storage and/or delivery contracts should be increased from the current 1-year term with two 1-year extensions to a 3-year contract with two 1-year extensions.

Issue: Processing, Reprocessing, and Fee-for-Service Contracts

Background: Processing of USDA-donated commodities into more finished end products is very important to schools and other outlets. Processing helps utilize commodities by providing them in forms that are more table-ready. Furthermore, it helps recipients, such as schools, keep the cost of meal service down by providing savings in labor and equipment costs. Commonly supplied processed items made from commodities include bread, pizza, ice cream, chicken nuggets, hamburger patties, and other precooked or ready-to-serve items.

Under the program, processors contract with States or local agencies to supply processed end products. The processor is supplied with the commodities and then it must discount the value of the commodities from the price charged to the recipient agencies. This "value pass-through" may be in the form of a discount in the gross price for the product or in the form of a rebate from the processor. However, meat and poultry items are sold on a "fee-for-service" basis. Under this arrangement, the processor charges the recipient agency a fee for the cost of its services for converting the commodities into end products.

Meat and poultry processors are required to use the services of Agricultural Marketing Service graders. The graders must be present during production and certify that all USDA-donated commodities are used and are not removed or substituted with any other products. They also stamp all sealed finished products and complete a report showing the number of boxes or pounds processed. All processors operating in more than one State are required to obtain an independent audit. The frequency of the audit is based on volume of commodities processed. The purpose of the audit is to ensure that all donated commodities that went into making the end product are returned in the product. The audit is also to disclose serious discrepancies in records and noncompliance with the Food Distribution Program regulations. Audit findings must be submitted to FNS for review and corrective action if deemed necessary. The Council is concerned that the purpose of the grading service requirement and the audit requirement are duplicative and feels both should not be required.

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*Legislative change required before implementation is possible

USDA has amended the processing regulations several times in the last few years to require stricter contractual provisions, improve accountability, increase monitoring, and clarify the regulations. Many of the changes were in response to audits and investigations conducted by the Office of the Inspector General which have pointed out program abuses. The Council is concerned that frequent changes have made the program more complicated and may be causing some companies to drop out of the program. Part of the reason the program has become more complex is due to the expansion of the program that now involves many multi-State processors and a wider range of commodities. With this growth, many States have not had the resources to monitor all processing activities, particularly for those processors located outside of State boundaries. Additionally, with the increased range of products offered, States need technical assistance to ensure they are contracting wisely to make the best use of the commodities.

On the other hand, the increased Federal regulations have been seen as increasing the costs of end products and, in some instances, decreasing competition among processors. Some processors maintain that States are increasing processing costs by insisting that their own individualized requirements be met.

Recommendations:

- Regulations and policies should be simplified whenever possible.
- The Department should develop technical assistance materials for States and local agencies in conjunction with State, local, and private industry representatives. Technical assistance should address bidding, processing fees, evaluating end products, and effectively using the commodity processing program.
- Through a joint "partnership" effort involving State, local, and industry representatives, USDA should seek the advice of this group prior to formulating new regulations for the processing program.

The Department should also:

- Eliminate the Certified Public Accountant audit requirement for all commodity processing where USDA graders must be present during production and grading certificates are issued.
- Publish and communicate policy and regulation changes that affect processing agreements for the next school year by November 15 so States can approve processors in advance of the contract year. This would give local agencies ample time to meet the bidding requirements under OMB Circular A-102 for processing services.
- Eliminate the requirement that the distributor state the amount of the rebate due on direct-sales invoices to recipient agencies when utilizing the rebate system.
- Permit State distributing agencies to renew processing agreements for 2 additional years, in place of executing new annual agreements, if the processed product is the

same and is unchanged. The renewal process should allow for amendments to address regulatory changes and to update pertinent data.

- Permit State distributing agencies to retain funds recovered from local agencies for bonus commodity losses, and use such funds to acquire products through the USDA-State-option-contract program.
- Permit State distributing agencies to accept end product data schedules approved by the National Commodity Processing Program with no further review required.[1]
- Require processors to pay refunds within 30 days after receipt of refund application from recipient agencies.

Issue: Semiannual Commodity Acceptability Information

Background: Public Law 100-237 requires the Department to establish procedures to ensure that information is received from recipients at least semiannually about the most useful types of commodities. This requirement is burdensome to USDA, States, and local agencies. Furthermore, the preferences of recipient agencies do not change rapidly enough to warrant collecting the information every 6 months. Collecting the data this frequently does not allow the Department or States to respond to the preferences indicated and would not result in long-range substantive improvements. Preference data received by November 15 of each year are too late in the school year to permit development of new or revised specifications and announcement and acceptance of bids for new products.

Recommendation:

- Legislation should be amended to require the collection of data on food preferences every other year.*

Issue: Method of Calculating State Entitlement Levels

Background: States are, by law, entitled to receive commodities equal to the national average per-meal value of commodities established on July 1 of each year (the school year 1989-90 rate is 13.25 cents per meal) times the number of meals served in schools in the State. Historically, the Department has encountered problems because the calculation is based on meals served in the *current* school year. Since these data are not available until some time after the end of the school year, States have to rely on estimates when allocating commodities. If estimates prove inaccurate, there is no mechanism for recouping overallocations or making up shortfalls.

Recommendation:

- Legislation should be amended to require that the planned assistance level and State entitlement calculation be based on the participation data from the preceding year, rather than the current year.*

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[1] Under this program, processors contract with USDA to convert certain bonus commodities into various end products. The processors or distributors then sell these products to eligible recipient agencies at a discount or offer a rebate that reflects the value of commodities used in the end product.

*Legislative change required before implementation is possible

Issue:	Continuation of Cash and Commodity Letter of Credit (CLOC) Sites
Background:	The Department has been administering a 4-year demonstration project in 96 school districts from 29 States to measure the impact of providing cash or letters of credit rather than commodities. In 1986, based on data from the study, the Department concluded there were no compelling reasons to dismantle the current commodity program for schools. Congress has continued to reauthorize the pilot sites, although no further evaluation data are being collected. The current authorization extends through December 1990, and there are legislative proposals to provide permanent authorization and to establish a Statewide demonstration project.
Recommendation:	• The Council opposes the continuation of the cash and CLOC pilot projects and supports efforts to improve and streamline the commodity program to meet the needs of FNS programs in support of the Nation's agricultural community.
Issue:	USDA Procedures for Products Placed on Hold or Recalled
Background:	From time to time, the Department is forced to place products on hold or to recall them because they are of inferior quality, do not meet specifications, or are tainted in some way. When this happens, the Department notifies the States and provides relevant information about the product. However, communication of this information appears to be a problem and sometimes a significant amount of time passes before the problem is resolved. Council members expressed concern that the reasons for a hold or recall are not always communicated to State and local agencies.
Recommendation:	• The Department should develop written procedures to be followed when commodities are placed on hold or recalled, and should provide this information annually to the States and recipient agencies. The reason for a hold or recall and a clear distinction between failure to meet specifications or similar problems and health hazards needs to be communicated to States and recipient agencies at the time of the initial notification to these agencies.
Issue:	Technical Assistance to States and Local Agencies
Background:	Several times during its deliberations the Council discussed technical assistance to States and local agencies. The Council believes the Department should provide more technical assistance through a variety of methods.
Recommendations:	The Department should: • Provide a toll-free hotline to answer questions and complaints. • Make USDA officials available to attend State and local conferences and meetings, and conduct workshops, seminars, and training on an ongoing, regular basis.
Issue:	Duration of Food Service Management Contracts

Background:

Part 250.12(c) of the food distribution regulations permits the use of food service management companies to conduct food service operations of nonprofit summer camps for children, charitable institutions, nutrition programs for the elderly, schools, and service institutions. In the case of nonprofit summer camps for children, charitable institutions, and nutrition programs for the elderly, the contracts shall not be in effect for longer than 1 year and may be extended at the option of both parties for two additional 1-year periods. These timeframes are inconsistent with those established for food service management contracts with schools.

Recommendation:

- The Department should revise the regulation to allow food service management company contracts to be for 1 year with up to four additional 1-year extensions. This would be consistent with the National School Lunch Program provision.

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ATTACHMENT B

October 19, 1989

AREAS OF DISCUSSION FOR NEXT MEETING

Dietary Issues

1. How nutrition policies (ex. FDPIR food packages) are developed.
2. How user input is incorporated in terms of variety, packaging and availability.
3. Report on results of recent preference surveys.
4. Elimination of items such as deep fat french fries.

Food Safety

1. General background information.
2. Specific information relating to regulations redefining fully cooked meats.

Purchasing Issues

1. Report on current recommendations relating to initiating purchases earlier in the school year.
2. General information on purchasing procedures.
3. Utilizing fresh produce in the commodity program.
4. The role of small and minority business in the purchasing practices.
5. Procedures for advance planning, forecasting and communication of this information.

Program Issues

1. Renewal of TEFAP.
2. Report from the study on Elderly Feeding.
3. State Advisory Council composition.
4. Child Care program update.
5. Audit requirements relating to processing with an emphasis on reducing duplicate requirements.

Other

1. FDA labeling update.
2. Reduction of paperwork.

Testimony
# of the
National Association of State Agencies for Food Distribution

before the
Committee on Agriculture
of the
U.S. House of Representatives

November 15, 1989

Mr. Chairman, Mr. Emerson, and members of the Agriculture Committee, I appreciate the opportunity to represent N.A.S.A.F.D before you today. The National Association of State Agencies for Food Distribution represents the state government agencies responsible for redistributing the federally donated food to schools, charitable institutions, Indian reservations, nutrition programs for the elderly, TEFAP, food banks, commodity supplemental food programs, and summer camps.

Since reauthorization of the TEFAP program will be a topic of concern to your committee, I appreciate the opportunity you have given the Chairman of our TEFAP committee, Mary Jo Henny, to present specific recommendations and ideas about that program during hearings tomorrow.

We appreciate the committee's interest in the commodity program as demonstrated in the commodity distribution reform act, and in holding these hearings to review the impact of the improvements and the impact of the reduced volume of commodities distributed.

The reduction of commodities, this year, primarily dairy commodities, (cheese and nonfat dry milk) has had a negative impact on the budgets of the recipient agencies. Schools in particular, depending on individual menu choices were using the equivalent of 5 to 15 cents worth of dairy commodities for each meal they served. The sharp reduction of dairy commodities has had great impact on the schools. Not only are they not receiving any cheese or nonfat dry milk from USDA this year, but the cost of buying these products on the open market is prohibitive.

In a similar view, the commodity supplemental food programs, are allocated the same funds as last year, but a large portion of those funds are going to purchase the high cost dairy products, previously provided free-of charge, thus reducing the total package in terms of food received by these needy recipients.

But the dairy shortage is not the only pinch schools are feeling. The results of drought, as we understand it, are the cause of the regular entitlement commodity shipments being delayed for a month or more. Consequently, states are reporting they have received literally half of the volume of food they would normally have received by this time of year.

We do have a suggestion which is a small but significant change. I think it was in 1984 or 1985, Congress mandated that the Secretary of Agriculture make flour a bonus commodity. USDA came up with a creative way to only make flour used above a previous usage levels a bonus. This system is extremely complicated from a practical and record keeping standpoint and we believe, it does not follow the intent of Congress for flour to be bonus. It would be small consolation, but at least some consolation to all recipient agencies if flour were made a true bonus, in that no flour orders would count against the entitlement allotment of donated foods. I will be happy to provide a copy of a resolution passed at our annual conference last June supporting this position.

What impact does all this have on NASAFD members? Many of our state members contract with commercial foodservice distributors or warehouses to store and/or distribute donated foods to the local recipients. The services are competitively bid, and those bids were based on estimated volumes of food. Other state agencies operate their own warehousing and/or distribution network, which requires a certain volume to operate efficiently. The sharp decline in the volume of foods delivered to states has created problems for commercial distributors, warehouses and state run operations. All the planning, management and budgeting based on previous projections have been for naught. As a result, we expect commercial distributor prices to increase to make up for the lost business volume.

The timing has been unfortunate in light of the Commodity Distribution Reform Act. The act required several positive changes in both how we, the state agencies, administer the program, as well as USDA. For example, new regulations requiring minimum performance standards of state agencies require states to distribute donated foods at least monthly. However, in some small states, the reduced volume of commodities makes it terribly costly, and inefficient to distribute a few cases of food to a rural school district. Where as in years past the delivery would have been twice the volume.

Orders have been canceled, or left unfilled, making it difficult, if not impossible for states to keep school districts informed of what foods they can expect and when. This was a reasonable requirement of the Commodity Distribution Reform Act, but the lack of the USDA computer system to facilitate the information, combined with the reduced commodities has complicated attempts to better serve recipient agencies.

Another difficulty in implementing improvements to the commodity distribution program is what we call the unwanted step-child syndrome of the food distribution program. While the problem seems to be largely corrected with the Washington hierarchy of USDA, lower level staff at USDA and regional offices, suffer from inadequate training to operate the program well. This has resulted in what many of our state members feel is inappropriate application of the performance standards as well as other program deficiencies. We are trying to work with USDA and the regional offices to work through this problem.

The Commodity Distribution Improvement Act requires states to use commercial facilities unless they can prove an alternate system is more cost effective. This concept makes great sense at the onset but has created some problems which we believe you can, and hope you will correct. To implement this provision, each of the state agencies, responsible for as many as all commodity programs or as few as one, must complete a comprehensive analysis of the costs associated with distributing the donated foods, and then compare it with a commercial system.

This analysis will be costly and will place another burden on already strained state and local budgets. In many cases local agencies will also have to do a cost analysis.

Many of our states use commercial foodservice distributors or competitively bid for commercial warehousing and distribution. Fewer states operate their own warehousing and distribution systems either independently or in cooperation with other state warehousing and distribution systems. What benefit is there to commercial distributors, state agencies or recipient agencies of performing this costly analysis?

In many cases, school districts are not charged for all or part of the costs associated with these state run systems. The state government pays for all or a majority of these services. State distribution systems that do not assess charges to school districts should not be bound by this same provision of the law. If a state government chooses to support to the local school districts by providing a service directly rather than giving money to the school district to pay for service themselves, should the federal government prevent that? Again, the issue becomes the cost and trouble of evaluating the distribution costs when the state has no intention of changing its distribution system. I will also add that in all of the situations where this occurs, school districts are happy with their state system and do not want to change to a system where they would have to start paying a commercial distributor. We ask that states be exempted from the evaluation requirement and commercial distribution requirement where a majority of costs are paid by the state, or the state already competitively bids for services.

Other agencies administering the TEFAP, Food Distribution Program on Indian Reservations and others use food banks, volunteer organizations or methods very specific to program needs which make application of this provision of the law very difficult to fulfill. Therefore we ask you to exclude non-school programs from this requirement of the law.

I believe both the Department of Agriculture and the National Advisory Council on Commodity Distribution both support these two recommendations as well. Again, I will provide a copy of a resolution on this subject as well.

The Commodity Reform Act also requires semi-annual collection of input from recipient agencies about the donated food program. This has become a very arduous and paper intensive project without providing the intended benefit. I believe the initial problem was that USDA was not asking for the right information in their annual collection, and not always listening to the input they received through the grapevine. Therefore requiring the data collection more frequently did not address the problem. However, the project has resulted in USDA refocussing their data collection efforts and as a result the whole Commodity Distribution Reform Act is responding to concerns, suggestions and complaints more responsibly. Therefore we ask you to change the law to require the data collection on an annual basis rather than semi-annual.

Lastly, the Commodity Distribution Reform Act has added tremendous strains on state resources, both staff resources and financial. Because the support for a school lunch by the paying child is about equally split between cash and commodities, we ask the Congress for state administrative expense funding to be appropriated specifically for food distribution. Again, our membership passed a resolution on this issue which will be submitted to the committee.

NASAFD believes that providing further processed end products are key to the success of the Commodity Distribution Program. To that end, NASAFD fully supports the National Commodity Processing (NCP) Program. It is administratively effective in alleviating duplicative work by 50 states and makes further processed products available to all recipient agencies. The impact of this program has been significantly reduced since cheese and non fat dry milk are no longer available. We would like to see USDA expand the program to include more hard to use commodities such as some of the dried fruits.

Another program we fully support is the State Option Contracts where states can pay for the additional processing costs of having the donated foods further processed into more usable end products. For example having oil converted to mayonnaise, or even tomatoes into catsup. One problem encountered is that USDA's general counsel has determined it is illegal for USDA to use the Section 32 funds to cover the costs of the processing until the states can repay the government. States need time to collect the processing costs from the school districts. It would be very helpful if you could amend the law to allow USDA to cover the costs initially.

We thank you for again for the opportunity to present our concerns and will be happy to answer any questions now or at a later time.

COMMODITY DISTRIBUTION COALITION

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Statement of the
Commodity Distribution Coalition
Before the

Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition
Committee on Agriculture
U.S. House of Representatives
on the
Commodity Distribution Programs

November 15, 1989

Presented by: Richard E. Pasco
National Pork Producers Council

Marshall Matz
Holland & Knight

Mr. Chairman, Mr. Emerson, and Members of the Subcommittee:

We appreciate the opportunity to testify this morning in support of the Department of Agriculture's commodity distribution programs. The various USDA commodity distribution programs have not only played a special role in the development of our agricultural policy, but have played an important role in the development of this nation's nutrition programs.

USDA commodity distribution programs date back at least to the enactment of P.L. 74-320, on August 24, 1935. Section 32 of that statute provides that the Secretary of Agriculture may buy fruits, vegetables, meat, fish and poultry items under a surplus removal program for donation to school food programs and other domestic food programs. Section 416 of P.L. 83-480, enacted in 1954, gave the Secretary of Agriculture additional authority to distribute to schools commodities such as grains, dairy products, vegetable oils and peanut products obtained through price support activities.

Today, the central purchasing authority of USDA provides economical commodities for the school lunch and breakfast programs, the family nutrition program on Indian reservations, the commodity supplemental feeding program and disaster relief activities. USDA commodities played a vital role in relieving the suffering recently caused by Hurricane Hugo in South Carolina and the Virgin Islands, and assisted the earthquake victims in northern California.

In 1983, the Congress enacted the Temporary Emergency Food Assistance Program (TEFAP). TEFAP has been a success in using stocks of surplus commodities in the Commodity Credit Corporation's warehouses, while providing a valuable food distribution network in fighting against hunger.

The Hunger Prevention Act of 1988 broadened emergency food aid by providing assistance through soup kitchens and food banks. Many homeless Americans rely on soup kitchens since the homeless do not have cooking facilities.

The various USDA commodity distribution programs also give the Secretary of Agriculture an extremely effective tool that he can use in providing assistance to America's farmers and ranchers. One of the major goals of our agricultural policy has been to stabilize the "boom or bust" swings in the farm economy. When markets are soft in a given commodity, the Secretary can stabilize markets by purchasing the commodity that is experiencing depressed prices. For many commodities, such as pork, beef, turkeys, eggs, peaches, apples, cherries, dates and many others, the commodity distribution program represents the only significant program available to the Secretary of Agriculture as a market stabilizing mechanism.

We the undersigned organizations on whose behalf this testimony is presented today, would therefore:

1. Strongly support the continuation of all USDA commodity distribution programs.

2. Support reauthorization of TEFAP and the Secretary of Agriculture's authority to distribute commodities to soup kitchens and food banks.

3. Support expansion of the TEFAP and soup kitchen authority, to the extent possible, and to the extent consistent with the needs of the recipient agencies.

We are proud of the fact that America's agricultural abundance has been used to help so many Americans in so many different situations. Again, we thank you for this opportunity to present our views on these important issues. We would also be happy to answer any questions that you may have.

American Beekeeping Federation
American Dairy Products Institute
American Farm Bureau Federation
American Honey Producers Association
American Meat Institute

Blue Ribbon Fig Growers
California Canning Peach Association
Diamond Walnut of California
Georgia Peanut Commission
Louisiana Sweet Potato Commission
National Association of State Agencies for Food Distribution
National Council of Farmer Cooperatives
National Food Processors Association
National Milk Producers Federation
National Pork Producers Council
National Turkey Federation
New York Cherry Growers Association
Pacific Coast Canned Pear Service
Sun Diamond Growers
Sun Maid Raisins of California
Sunsweet Prunes
United Egg Association
United Egg Producers
Western New York Apple Association

United States General Accounting Office

GAO

Testimony

For Release on
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Wednesday
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GAO Audits of the Commodity Food Area

Statement of
John W. Harman, Director
Food and Agriculture Issues
Resources, Community, and Economic
Development Division

Before the
Subcommittee on Domestic Marketing,
Consumer Relations, and Nutrition
House Committee on Agriculture

GAO/T-RCED-90-15

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss our work on the commodity food area, which is administered by the U.S. Department of Agriculture's (USDA) Food and Nutrition Service. Specifically, we will discuss our current work on commodity distribution program reforms that were mandated by the Commodity Distribution Reform Act and WIC Amendments of 1987, and a recently issued report on the commodity food distribution program at four Indian reservations. The 1987 act mandated reforms in the way USDA distributes commodities under food assistance programs. The act also mandated time frames for completing some reforms and that we review USDA's progress in implementing the reforms.

Let me briefly summarize the results of our work.

SUMMARY OF FINDINGS

Our ongoing review shows that USDA has implemented all of the legislated reforms. However, as part of its reform efforts, USDA intends to take additional actions on 4 of the 31 implemented reforms to formalize procedures or provide guidance for federal, state, and local operations. Some of the statutory implementation time frames were missed because of lengthy review and approval procedures, the complexity of the reforms, and the act's broad application. We will be recommending some actions that we believe will enhance USDA's reform efforts.

Three Senate committee chairmen and seven Senators requested that we review the effectiveness of food assistance programs on four Indian reservations. Food aid is provided to Indians through federal programs, such as the Food Stamp Program and the commodity food distribution program, and food assistance from nonfederal sources. In our recently issued report on Indian commodity programs we concluded that the Food Stamp Program along with commodity foods and nonfederal food assistance have contributed to the improved diet of Indian households living on or near reservations.[1] However, tribal officials told us that some hunger exists on two of the four reservations included in our review. A greater concern than hunger on each of these reservations was the prevalence of diet-related diseases, such as diabetes, heart disease, and hypertension, and how federal food assistance and the lack of nutrition education may impact those diseases. Although we did not make any recommendations, it appears that providing an adequate food supply and proper education that addresses the nutritional needs of the general reservation population, as well as those with diet-related diseases, could improve quality of life.

I will now discuss each of these areas in more detail.

USDA'S IMPLEMENTATION OF LEGISLATED COMMODITY DISTRIBUTION REFORMS

Following a decade of concern and heated debate about problems with USDA's program to distribute agricultural commodities, the Commodity Distribution Reform Act and WIC Amendments of 1987 (Public Law 100-237) required the Secretary of Agriculture to implement a broad range of reforms to improve the overall commodity distribution program. These reforms were to improve (1) the manner in which donated agricultural commodities are distributed to recipient agencies, (2) commodity quality, and (3) the response of the commodity distribution program to recipient agencies' needs.

In recent years one program goal--removing agricultural surpluses from the marketplace--has not always complemented the goal of providing nutritious, high-quality foods to needy individuals through recipient agencies. Often, the quantities and kinds of food that the agencies received increased their storage and handling costs and hindered the donated commodities' effective use. Section 3 of the act directed the Secretary to implement 31 specific reforms to ensure effective and consistent program operation at the federal, state, and local levels. Sixteen had to be implemented by specific dates. USDA's January 1988 work plan called for the act's implementation within the statutory deadlines (by October 1988), by means of interim, proposed, and final rules and administrative actions.

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[1] FOOD ASSISTANCE PROGRAMS: Nutritional Adequacy of Primary Food Programs on Four Indian Reservations (GAO/RCED-89-177, September 29, 1989).

In response to the 1987 act, we monitored and assessed USDA implementation efforts primarily at the three USDA agencies involved in the program's management--the Food and Nutrition Service, Agricultural Marketing Service, and Agricultural Stabilization and Conservation Service. Our review focused on determining (1) the status of the implementation efforts, including USDA's meeting the act's deadline requirements; (2) the reasons for any unmet deadlines; and (3) any adverse impacts resulting from USDA's implementation actions or unmet deadlines. We provided you and others in the Congress and USDA with the results of our work in July 1988 and expect to issue our report shortly.

Status of Implementation Efforts

USDA officials recognized the reforms' importance to the commodity distribution program's future operation and implemented reform initiatives. For example, over a year before the reform legislation's enactment, the Secretary (1) ordered a comprehensive review of the commodity distribution program, (2) established "special commodity initiatives" to improve commodity donations throughout the National School Lunch Program, and (3) appointed a departmental task force to coordinate USDA's reform activities.

In October 1989, USDA issued final rules for 6 legislatively required reforms that remained to be implemented. As a result, USDA has implemented all of the 31 legislated reforms. However, 4 of the implemented reforms await additional USDA action to formalize procedures or provide guidance for federal, state, or local operations.

Specifically, the yet-to-be completed actions involve USDA's publicly announced intent to (1) establish formal procedures for the commodity field testing program that USDA implemented through an April 1988 Federal Register notice, (2) formalize review procedures of the costs and benefits of providing commodities in a way that best meets recipient agencies' needs (also implemented through the April notice); and (3) develop product acceptability testing and monitoring guidance for distributing agencies implemented through July 21, 1988, interim rules.

Completing actions on these reforms--the primary responsibility of the Food and Nutrition Service with involvement by the other two Services--would help ensure consistent and uniform operations at the federal, state, and local levels. For example, USDA uses informal procedures that lack uniformity in conducting its commodity field tests. At the time of our review, however, USDA had no current plan in place directed at completing these actions. Its January 1988 work plan was not updated with revised time lines or the tasks required for the reforms' completion. We believe an up-to-date plan for completing these actions is needed to help avoid further delays and ensure the reforms' consistent and uniform operation. Therefore, we plan to recommend that the Secretary of Agriculture direct the Food and Nutrition Service, in concert with the other Services, to develop a revised work plan to ensure that the remaining reforms are implemented in a consistent and uniform manner at the federal, state, and local levels.

Reasons for Unmet Deadlines

Regarding the timeliness of USDA's actions on the 31 reforms, the 1987 act set implementation time frames for 16. USDA implemented 6 of these reforms before the legislated deadlines; 10 missed their mandated dates for a variety of reasons. According to USDA officials, the delays were caused principally by (1) the sometimes lengthy USDA regulatory clearance process, (2) some unrealistic implementation time frames, (3) the complexity of some reforms, (4) the difficulty of applying the reforms to agencies with differing program requirements, and (5) the need to ensure the consistency of some reforms with other regulatory changes.

Impact of USDA Actions

To determine whether the implementation actions themselves, or the fact that USDA did not meet some of it's deadline requirements under section 3, have had any adverse impact on the commodity distribution program, we reviewed public comments on USDA rules used to implement or propose regulatory changes for specific reforms. We also obtained comments from national associations representing program participants' views on those reform actions where USDA did not invite public comments as part of their implementation. None of the comments cited any specific adverse impacts from USDA's implementation delays. Many did take issue with the appropriateness and feasibility of specific reform requirements or proposals and raised some concerns resulting from USDA's discretionary rulemaking. Other concerns involved changes that were specified by the law; for example, some objected to the legislatively required frequency of state agency reporting to USDA. Overall, the respondents' comments tended to show a broad range of concerns for how the 1987 act and the rules would affect them. Generally, they were concerned with such factors as implementation costs and the doability of some requirements. Associations noted some improvements in the program's operation under the reforms but told us there is a need for additional improvements.

Both commenters and Service officials identified concerns about staffing, resources, and delays in developing evaluation guidance that limit USDA's ability to effectively monitor state and recipient agency compliance with reforms. In this regard, a continuing concern of ours and USDA's Office of Inspector General is the Food and Nutrition Service's ability to effectively monitor and account for inventories of donated commodities stored at the state and local levels for school and nonschool programs. At the time of our review, the Service was acting to improve its method of planning future management evaluations. The Service also planned to resolve related inventory management deficiencies. Considering past delays in providing evaluation guidance and continuing problems with inventory accountability, we believe the Food and Nutrition Service needs to ensure the timely implementation of its plan to conduct future management evaluations and provide inventory management information. In our draft report, which was submitted to USDA for comment, we proposed that the Service complete changes to its management evaluations planning process and ensure that specific program monitoring improvements are included. USDA subsequently changed its planning process and some monitoring improvements are ongoing.

In our view, consistent and complete implementation of all the reforms is essential if they are to have the effect anticipated by the Congress when it passed the act. In addition, the act's full "implementation" goes beyond issuing rules and includes USDA's ensuring that the reforms are in fact implemented consistently by all organizations and that appropriate monitoring and coordinating mechanisms are in place. Otherwise, the program may encounter many of the same problems that led to the reforms in the first place.

COMMODITIES ON INDIAN RESERVATIONS

One of USDA's commodity programs--the Food Distribution Program on Indian Reservations--was created primarily to help meet the nutritional needs of Indian households located on or near Indian reservations and was the subject of the report we issued in September 1989.

Our objective was to determine the extent to which the Indian commodity program is meeting the nutritional needs of households located on four Indian reservations: Fort Berthold in North Dakota; Pine Ridge in South Dakota; White Earth in Minnesota; and Navajo in Arizona, New Mexico, and Utah.

Indian commodities and Food Stamps are the principal food assistance programs on the four reservations. Three of the four reservations also received some type of nonfederal food assistance through national organizations, local food banks, churches, and nonprofit social service agencies. Indian commodities provides participants with a monthly food package containing a variety of surplus and purchased commodities. This package is intended to be consistent with national dietary guidelines, but is not designed to specifically address the special dietary needs of Indians. Reservation households that are eligible to participate in both the commodity program and the Food Stamp Program may choose to participate in either but not in both programs simultaneously.

The average national participation in the Indian commodity program in 1988 was about 135,000 persons in 27 states. Benefits totaled about 100 million pounds of food valued at about $49 million that provided an average monthly benefit value of just under $29 per person. Participation rates in December 1988 ranged from 12 to 45 percent of the resident Indian population on the four reservations we reviewed. (The December data were the most recent data uniformly available for all four reservations at the time of our review.)

USDA considers the Indian commodity program to be a supplemental food program which is not intended to be the sole source of food for recipient households for the complete month. However, tribal officials told us that with unemployment rates ranging from 50 to 79 percent on the four reservations, there are a number of reservation households that rely on the food packages as their sole source of food. The size of the food package does not vary with income nor does it vary with household composition. For example, a household with six adults receives the same amount of food as does a household with two adults and four children.

There were varying opinions about whether food packages contain enough food. Tribal officials at the Navajo and White Earth Reservation told us that the size of the food packages appears to be adequate. Tribal officials at the Pine Ridge and Fort Berthold Reservations, however, said that some hunger among recipients does exist. Although a food package by itself may not contain enough food to meet a family's entire monthly food requirement, food from other sources, when available, may make up for the shortage. Inadequate information and varying opinions among tribal officials prevented us from making a precise assessment of potential food shortages on the four reservations.

Tribal and federal officials recognized that the food packages did not contain a proper variety of food, especially fruits and vegetables. We found that the food package contents, as originally designed, were not based on nutritional considerations. However, as a result of administrative and legislative changes, the food package was expanded to include a variety of surplus and purchased commodities intended to be more consistent with national dietary guidelines. A typical package, selected from about 60 types of foods (most of which are canned) and weighing between 50 and 75 pounds, contains foods from each of four basic food groups, including meat, vegetable/fruit, dairy, and grain. An 1985 USDA study disclosed that the FDPIR food package met most of the nutrient and energy goals of the Thrifty Food Plan--a low cost food plan sufficient to provide a nutritionally adequate diet. The food package contents also vary according to food availability. Not all of the food items are consistently available for selection by recipients of food packages. Various factors such as adverse market conditions, food preferences of tribal members, ordering practices of the tribal distribution staff, and storage space limitations at state and reservation levels may limit the variety of foods available to food package recipients.

All recipients, regardless of individual health conditions, receive basically the same choice of monthly food items. Indians with heart disease, hypertension, or diabetes and told by their doctors to avoid sodium and fat, for example, would have a difficult time using many of the food package items. Although USDA says it has reduced the salt, fat, and sugar content of some of the food package items, federal nutritionists told us that more reductions are necessary to improve the overall health conditions on the reservations.

Tribal officials and federal nutritionists told us that reducing the diet-related health problems on the four reservations can, in part, be accomplished through better nutrition education. Since poor eating habits have been linked to a wide spectrum of diseases and disorders, better nutrition education is viewed as an effective way to instill wise and nutritious food preparation skills among program participants. However, the amount and type of nutrition education available at the four reservations varied from providing brochures to individual counseling and cooking demonstrations.

Many factors affect the quality of life of Indians residing on reservations. With continuing high unemployment, many families on the reservations will have to continue to depend on federal and nonfederal food assistance. Although the food package is designed to provide the nutritional needs of the normal, healthy Indian population, limitations on the availability of some food items, and the fat and sodium content of many available food items, create the need to expand nutrition education to convince Indians to adopt more healthful food preparation and consumption practices. Unless food packages are improved and adequate nutrition education is provided, diet-related health problems among the Indian population are likely to continue.

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Mr. Chairman, this concludes my prepared statement. We will be pleased to respond to any questions.

SEP 11 1989

Ward "Butch" Burnette
Commissioner

Office Telephone
502-588-3043

Department of Agriculture
Louisville Commodity Supplemental Feeding Program
P.O. Box 1913
Louisville, Kentucky 40201

09-08-89

Ms. Jane Kirby
Office of Romano L. Mazzoli
2246 Rayburn House Office Building
Washington, DC 20515

Dear Ms. Kirby,

We are the Louisville Commodity Supplemental Food Program. We are a federally funded but state administered Program. Our Program distributes USDA commodity foods to pregnant women, postpartum mothers and children under six years old. We also distribute food to senior citizens.

USDA has allotted us to serve 4204 women, infants and children per month, of this allottment we are only serving an average of 3400 per month. They have also allotted us to serve 3225 senior citizens per month. We are currently serving 3225 per month and carrying a waiting list of 3000 senior citizens that are waiting for openings in the program.

We requested permission from USDA to allow us to use our vacant women, infants and children slots to serve the elderly since the food is allotted to Kentucky. This request was denied although there are no regulations preventing us from making this transfer.

I'm asking you to please intervene in this matter between CSFP and USDA on behalf of these 3000 very needy senior citizens who worked hard all their lives but who are forced in many cases to eat pet food to survive in their supposedly golden years while we have good nutritious USDA food going bad in our warehouse. If at all possible, please help us to convince USDA Food and Nutrition Service to change this discretionary policy.

If you need more information please call me at 502-588-3031.

Sincerely,

Bob Montgomery

Bob Montgomery, Director
Louisville CSFP

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Ward "Butch" Burnette
Commissioner

Office Telephone
502-564-4696

Commonwealth of Kentucky
Department of Agriculture
Capital Plaza Tower
Frankfort, Kentucky 40601

October 31, 1989

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CONGRESSMAN MAZZOLI

The Honorable Romano L. Mazzoli
U. S. House of Representatives
600 Federal Building
Room 551
Louisville, Kentucky 40202

Dear Congressman Mazzoli:

Attached is a letter concerning a subject that is very near to all our hearts and deserves much consideration from agencies on local, state, and federal levels.

Ms. Shirley Florian is an elderly Jefferson County resident, living on very minimal social security income ($327.00 per month) and receiving very little in food stamps ($34.00 per month). Ms. Florian called the Kentucky Commodity Supplemental Food Program, based in Louisville, for assistance and was told that she would be put on a waiting list and that it would probably be at least two years before they could offer assistance. The information Ms. Florian received was correct, Congressman, for that program is run out of this Department. However, the program is federally-funded, and the federal government allocates us just so many caseload slots to fill. Currently, all 3,000 slots allotted to us are filled, and our waiting list is over 2,000. We requested, through Atlanta and Washington, D. C., that the Department be granted more slots and were told that it was a possibility, but that we probably would not receive them before January, 1990. We can only hope that it would not be any later than that.

Congressman Mazzoli, on behalf of Commissioner Burnette and the Kentucky Department of Agriculture, I urge you to speak with the appropriate persons in the U.S.D.A. to see if there isn't something we can do for Ms. Florian and others in her situation. There is only so much that we can do on a state level, thus our request to you. We certainly will appreciate any immediate consideration you can give to this matter.

Sincerely,

J. D. Wolf
Chief Deputy Commissioner

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REAUTHORIZATION OF THE COMMODITY DONATION PROGRAMS IN THE 1990 FARM BILL

THURSDAY, NOVEMBER 16, 1989

House of Representatives,
Subcommittee on Domestic Marketing,
Consumer Relations, and Nutrition,
Committee on Agriculture,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:40 a.m., in room 1302, Longworth House Office Building, Hon. Charles Hatcher (chairman of the subcommittee) presiding.

Present: Representative Emerson.

Also present: Representative Schuette, member of the committee.

Staff present: Glenda L. Temple, clerk; Julia M. Paradis, Joe Dugan, and Lynn Gallagher.

Mr. Hatcher. The hearing on the reauthorization of the commodity donation programs in the 1990 farm bill will come to order.

As many of you know, we began this hearing yesterday and heard from several witnesses and we continue this morning. We have one member of the House who will testify at some point, and we have three panels of witnesses which will be called up as panels.

I have a prepared statement from Mr. Traxler for the record.

[The prepared statement of Mr. Traxler appears at the conclusion of the hearing.]

Mr. Hatcher. I would like to introduce the first panel, Ms. Pamela P. McCandless, administrator, nutrition services, office of public health, with the Louisiana Department of Health and Hospitals, from New Orleans. If you will come forward.

Mr. Gregory Ben Johnson, director, office of the social apostolate, Archdiocese of New Orleans, New Orleans, Louisiana. I will call on Congressman Schuette to present to us the third witness on this panel, from Michigan.

Mr. Schuette. Thank you very much, Mr. Chairman.

It is an honor for me today to introduce Ms. Eleanor Josaitis, the associate director of Focus: HOPE, from Detroit, Michigan. Ms. Josaitis, welcome to the Domestic Marketing, Consumer Relations, and Nutrition Subcommittee.

Mr. Chairman, if I may, I would like to say a few more words about the organization that Eleanor helped found. She is also the associate director. Focus: HOPE is a Detroit, Michigan based civil rights and human rights organization which operates the Nation's largest commodity supplemental food program.

As some of you may already know, the CSFP is a partnership between Government and community-based organizations. In its tenure, the CSFP has been moving food by the tons to low income mothers and children and senior citizens. This special group of individuals is in desperate need of our help, because of the risks they face with malnutrition and many fatal illnesses that may accompany malnutrition. Focus: HOPE is a program that proves the cost effectiveness of the CSFP while preserving the dignity of those who benefit from the program.

Mr. Chairman, as I said before, it gives me great delight and honor to introduce Eleanor Josaitis to you and our subcommittee today, as you begin to review the commodity donation programs for the 1990 farm bill. The information she will provide us, Congress, and frankly, the country will greatly aid our efforts in reviewing this important program. The work that Eleanor, you and Father Cunningham, do in our State of Michigan is a model for the rest of the country and we are very proud to be in your company today. Thank you.

Mr. **HATCHER**. Thank you. I will call on you witnesses in a slightly different order than I called you. I will call on Ms. McCandless, then Ms. Josaitis and then Mr. Johnson.

Let me say that we have your written statements. They will be made a part of the record in their entirety. We are going to operate as closely as we can to the 5 minute rule here today, but not inflexibly. I would urge you to paraphrase or highlight your testimony to the extent that that will get your points across. If it does not, then you take longer, but we want to try to operate under the 5-minute rule.

So without objection, all written statements by all the witnesses who appear today will be made a part of the record. At this time, I call on Ms. Pamela P. McCandless.

STATEMENT OF PAMELA P. McCANDLESS, ADMINISTRATOR, NUTRITION SERVICES, OFFICE OF PUBLIC HEALTH, LOUISIANA DEPARTMENT OF HEALTH AND HOSPITALS

Ms. **McCANDLESS**. Mr. Chairman, and members of the subcommittee, I am Pamela McCandless, the administrator of nutrition services for the office of public health in Louisiana. This Nutrition Service section maintains responsibility for the administration of the federally funded Commodity Supplemental Food Program; the Special Supplemental Food Program for Women, Infants and Children; surveillance of severe pediatric undernutrition, and state supported public health nutrition programs and policies.

I am pleased to be here today to comment on the significant programmatic aspects regarding the reauthorization of the CSF Program.

The Louisiana Office of Public Health maintains an unusual integration of health services among state operated health clinics and between contractual agencies. Through this coordination of service, both the CSF and WIC Programs are able to maximize resources to provide benefits to the most vulnerable population, namely women and children.

Nutritionally high risk pregnant women and children are referred to the WIC Program. The remaining, lower risk individuals, can choose either WIC or CSF Program preference. The Commodity Supplemental Food Program augments Louisiana's efforts to assist the economically impoverished individuals.

While the WIC Program is designed to serve women and children presenting nutritional risks, the CSF Program benefits the same low income nutritionally vulnerable participants who may not have a documented nutritional risk, such as anemia or poor growth pattern. Economically impoverished persons are especially susceptible to nutritional inadequacies which prevent appropriate growth, suitable pregnancy outcome, and health maintenance.

The Commodity Supplemental Food Program, through its provision of nutritious foods on a monthly basis, significantly prevents the manifestation of clinical signs of undernutrition among the low income program eligibles.

The Louisiana Commodity Food Program operates 10 structurally permanent food distribution sites and 28 tailgate food issuance locations. All of these sites are staffed with trained employee crews who certify participants and issue the appropriate food packages. The importance of tailgate ramification is that it permits the Commodity Supplemental Food Program to travel to areas where potential WIC eligibles cannot obtain services due to lack of transportation. Thus, the two programs, commodity and WIC, complement each other in Louisiana.

We have some significant problems that we are facing at this time of reauthorization, and I would like to highlight a few of them. First, administrative funding. Current Federal regulations state that 15 percent of the CSFP Congressional appropriation is divided among participating programs according to proportionate share of national authorized caseload. For Louisiana, this presently amounts to $2.50 per person per month.

The inadequacy of this reimbursement is masked by the ability to earn additional administrative funds by distributing surplus commodities or commodities provided free of cost to the national program. Fifteen percent of the value of these bonus or free items are awarded to programs based on actual food issuance. This reimbursable part of the fiscal grant increases Louisiana's funding to $3.72 per person per month.

This means the distribution of bonus or free commodity items provides 33 percent of our Federal administrative funds.

The success of the farm support system has eliminated the availability and need to distribute surplus and free food items, thus leaving inadequate resources to maintain client eligibility and certification determinations, warehousing, and food distribution activities.

Second, caseload versus funding cycles. The commodity funding year commences October 1 and ends the subsequent September 30, whereas the caseload cycle begins December 1 and closes the following November 30. It is extremely difficult for program managers to be held accountable for appropriate caseload management while juggling two cycles.

Authorized caseload assignments are not usually awarded until the end of January or early February, which is approximately 4 months into the funding year or 2 months into the caseload year. Managers, therefore, have to maintain two sets of calculations and projections in order to maximize resources without exceeding assigned caseload. This scenario presents problems not only for caseload management but also for awarding local agency contracts and for food ordering, which must be accomplished 6 months prior to distribution date.

Additionally, current funding and caseload assignment regulations decrease a State's baseline caseload to the highest average annual, fourth quarter or September participation. If the highest of these parameters is less than 100 percent of assigned caseload, slots are lost the following year.

Further complicating this issue, is that the averages are based upon funding year, not caseload year. It is unfair to penalize programs that maintain at least 90 percent of their caseload assignment but fall short or serving 100 percent.

Reauthorization legislation should address more effective coordination of these two cycles by making the funding and caseload cycle the same.

Third, warehousing. The final 7 CFR Part 250 Food Distribution regulations issued October 17 of this year adversely affect the Commodity Supplemental Food Program by mandating commercial warehousing for storage and distribution of USDA-donated commodities unless a waiver is granted by USDA.

Based upon our 17 years of experience with commercial warehousing in Louisiana, we have determined that costs were prohibitive and services were ineffective and inefficient. The State and local agency resolved this problem 2 years ago by purchasing a warehouse. This maneuver increased efficiency of food distribution and provided program cost-containment.

We would find it most difficult to operate our 28 tailgate distribution sites if we had to comply with this food distribution regulation.

Within our written testimony, we have 10 other items that we wish to have addressed within the reauthorization language.

Again, I thank you, Mr. Chairman and members of the subcommittee, for allowing me this time to talk about our requests and our problems facing the Commodity Supplemental Food Program.

[The prepared statement of Ms. McCandless appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you, Ms. McCandless. Ms. Josaitis.

STATEMENT OF ELEANOR M. JOSAITIS, ASSOCIATE DIRECTOR, FOCUS: HOPE

Ms. JOSAITIS. Thank you, Congressman Hatcher. I appreciate the opportunity to testify and I appreciate the kind introduction by Congressman Schuette.

I have three issues that I want to bring before this committee today. I have worked in the Commodity Supplemental Food Program for the last 20 years. It is my favorite topic, so I can talk on and on about it. But I can tell you that 20 years ago when we started, Congressman, we were providing food to 800 mothers and children up to the age of six. Last month, we provided food to 76,411 mothers, children and the elderly.

It is a program that works. It is a program that is well received and for all of the people from the State of Michigan and the city of Detroit, who depend on this food, I bring you their thank yous and God bless yous.

The three issues of concern that I would like to address are, first of all, I would ask that nonfat dry milk and cheese be made a permanent part of the food package. The second issue is that the administrative money be changed from 15 percent to 20 percent. The third issue is that all discrimination between mothers, children and the elderly be eliminated. I believe that I can justify all three of these issues.

The first issue, that nonfat dry milk and cheese be made part of the food package, I bring you only the words of Annie Harris, that tells to me every month, child, I can stretch that food all month long. Child, I always have milk in my refrigerator with the nonfat dry milk. I bring you the words of a Mrs. Presson who says honey, stretcher foods are important.

For the 15 percent to the 20 percent administrative funds, there has not been an increase in administrative money since 1977. The cost of warehousing, the cost of transportation, the cost of buying trucks, the cost of just the financial integrity of the program demands, I think sir, that there be an increase in the administrative monies.

The third point is the elimination of all distinction between mothers, children, and senior citizens. The program should be for mothers, children up to the age of 6, and for the elderly. Leave it up the food advocates, and leave it up to the program people to make the distinction of who gets served and who does not.

I recognize that the major purpose of programs is to ensure that mothers and children are adequately served, and we are certainly not going to eliminate any mothers and children from the program. But allow me to make the decision of the elderly person standing at my door, and if I have caseload available, let me provide food.

Also, for the areas across the country that would like to provide food to the elderly only, allow them the opportunity to do so. So I would ask that the legislation reads that the Commodity Supplemental Food Program is for mothers, children, and the elderly.

With that, Congressman, I am prepared to answer any question. Again, I thank you for your long support of this program and know I can count on your continuance. Thank you.

[The prepared statement of Ms. Josaitis appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you, Ms. Josaitis. Mr. Johnson.

STATEMENT OF GREGORY BEN JOHNSON, DIRECTOR, OFFICE OF THE SOCIAL APOSTOLATE, ARCHDIOCESE OF NEW ORLEANS

Mr. JOHNSON. Mr. Chairman, I would like to take the opportunity to thank you and the other members of the committee for inviting us today. It is a great opportunity to talk about the program.

I, too, join with Ms. McCandless and Mrs. Josaitis in talking about the enthusiastic response we received to this program in

New Orleans, Louisiana. I have had the opportunity of working in this program since 1971. I have had firsthand experiences in serving individuals, in developing the program, and now in helping to administrate the program for the Archdiocese in New Orleans.

The need for this program, when it started in Louisiana in 1971, was the fact that Louisiana ranked with developing countries with the infant mortality rate. The problem was iron deficiency anemia and low birth weight. This program directly addresses the nutritional needs of low income mothers and children.

Today Louisiana is recovering from double digit unemployment rates and also from a 50 percent poverty rate in the core city of New Orleans, Louisiana. The needs there are tremendous. This is exemplified in the extreme growth in our program in New Orleans. In 1983, we were serving approximately 19,000 participants each month. Today we are serving over 52,000 participants each month 40 pounds of high protein food product.

As Eleanor talks about the seniors, I too have a senior who lives on $283 a month, $15 of food stamps, and literally survives because she receives this 40 pound food box. I think the integrity of the program is found in the success that it has had over its 20 year existence.

We count success in that the program is free of fraud, it has never suffered any of the major embarrassments that other programs in the United States have suffered. We strictly follow the guidelines of the Federal Government. We feel that we maximize every Federal dollar. There is no other Federal program that uses 85 percent of every dollar appropriated for it to buy food.

This is doubly enhanced because the program uses the purchasing power of USDA. Therefore, we are receiving twice the amount of food because of the wholesale rate versus a Food Stamp Program that has to use the retail system.

We also look at success from 1982, when Congress authorized the three pilot programs here in the United States. Each of the programs has surpassed its original goals. Today, they are serving the neediest population in our country.

In New Orleans alone, we have over 5,000 volunteers that each month home deliver the food boxes to these senior citizens. What that means is on a monthly basis, we are currently serving over 24,000 senior citizens. Their average income is under $400 a month. This is the poorest of the poor in the United States. Of those 24,000, each and every month, we home deliver 5,000 food boxes.

When New Orleans said that it would home deliver 25 percent of its senior population, USDA laughed at us. They said we could not do it. That was with a caseload of 1,800 slots. Today, we have maintained that same commitment and I want to emphasize each month, over 5,000 food boxes are home delivered through an entire volunteer network.

We count success in the warehousing. Ms. McCandless talked about that. In terms of dollars, in 1986, the cost of that program was over $200,000 to help 19,000 people a year. The contractor in the commercial sector that had it told us that he was going to double his contract, for a participation rate of 19,000. That would have been an annual cost of over $400,000.

Today, we have more than doubled the 19,000 participants with 52,000 participants. If you follow the economy of cost, that would be a warehousing cost in the commercial sector in excess of $800,000. Today, we provide the warehousing to over 52,000 participants each month for under an annual cost of $250,000. This is a tremendous cost savings and we are very distressed with the new Federal guidelines that are demanding and requiring commercialization of USDA commodities.

There are examples of this throughout the United States, where nonprofit private sector participants in this effort to feed the poor are maximizing the Federal dollars in a cost effective, efficient manner.

Ms. McCandless also talked about the tailgating. The warehousing cost did not include going into the rural areas of Louisiana. This warehousing cost was all in the urban setting. We now go to the far ends of our greater New Orleans area, down into Plaquemines, Louisiana, down on the Gulf Coast. It is a 3-hour drive each way to get down there to serve 300 participants and we are still doing the warehousing at a cost of only $250,000 a year.

We also have recommendations in our testimony. We appreciate your including them in the record. I would emphasize, we too feel that the nonfat dry milk and the cheese become not a bonus item, but a permanent food item. The experience of the participants is that it's a valued food item. It is used and it is needed by the mothers, the children, and the seniors.

We also ask that the elderly part of this program be made a permanent, independent part of the Commodity Supplemental Food Program. There is success there.

Congress has dictated to USDA to feed needy seniors in a cost effective manner. You have done this. The problem we have with USDA, if Congress does not demand and give very specific guidelines, they interpolate gray areas and they are hindering our response to poor seniors. It is a bad game and we would like to eliminate it.

We also ask that consideration be given to increase administrative costs from 15 percent to 20 percent. Our experience, in 20 years, is that there has never been an increase in administrative costs for CSFP. Our contention is that twice the amount of food is being distributed at one-half the administrative cost as is done in other coupon voucher programs. That is because of the purchasing power of USDA.

You take the same amount of money and give it to USDA to buy the food, twice the amount of food is distributed because of their purchasing power, versus taking the same amount of money and having individuals buy the food in a retail outlet, as with food stamps.

My last suggestion in this open conversation is that you mandate USDA to spend all of your appropriation each fiscal year that it was appropriated for. Each year they have this $10-million surplus that they will not reallocate to feed needy people. We cannot make USDA do that. They have all kinds of loopholes that they are using to their advantage and the net effect is there is unspent money that you have authorized and appropriated for the CSFP, ECSFP program. Our request is that language similar to the WIC language, that each year all funds must be spent by USDA.

In closing, again, I want to thank you. From a firsthand experience, this program works. My experience in talking to people in Washington is there is an amazement when they hear the cost effectiveness of this program and the fact that it is reaching this many people on a monthly basis with no fraud. I can tell you, over my 20 years of experience with this program, needy people are being helped.

I always keep a low income family or one of our many senior citizens in mind when I talk about this program, because they are real people struggling to survive on a monthly basis. Thank you, Mr. Chairman.

[The prepared statement of Mr. Johnson appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you.

I am sure other members of the subcommittee are aware, at least to some extent, of the job you do in alleviating hunger among the poor in this country. We appreciate the job you do and the cost effective manner in which you do it.

Ms. McCandless, concerning the conflict between the funding year and the caseload cycle, have you checked into that enough to know whether or not that would require legislation or whether it could be done administratively?

Ms. MCCANDLESS. It could be done administratively. It is part of the regulations right now. I do not believe it is stipulated in the law.

Mr. HATCHER. Ms. Josaitis, if we did enact legislation to eliminate all distinctions between mothers and children and senior citizens as participants in CSFP, how would you as an administrator determine who would be served by the program if the resources were not enough to serve everyone?

Ms. JOSAITIS. I would probably concentrate on mothers and children to begin with. I recognize the importance of that. But we have a WIC Program and I would try to work out some responsibility between WIC and ourselves, to make sure everybody was taken care of. But I would take care of the person that was standing before me, if that was a senior citizen. I would definitely take care of that person to begin with. But I would also be back knocking on your door, asking for an expansion, and using every ounce of energy I had, so that I did not have to turn anybody away.

Congressman, I do not want to see the mothers and children and the seniors pitted one against the other, and that is what we are doing now.

Mr. HATCHER. I understand that and appreciate that distinction.

Mr. JOHNSON. Congressman, we have had the similar experience in New Orleans, where you can have a positive working relationship with the WIC program with CSFP, when you set up priorities. You set up which is the targeted group at the greatest risk. There does not need to be this conflict between seniors and mothers and children. I think each community has the integrity and the working hands-on experience in their community to be able to respond to that situation and to very effectively work that situation out.

Mr. HATCHER. Thank you. Mr. Emerson.

Mr. **EMERSON**. Mr. Chairman, I apologize for being tardy in arriving here today. I trust that you have already explained that we are in the closing days of the Congress. The schedule is rather uncertain and we have unexpected conflicts develop. I apologize for not being here to hear your statements.

I do have a couple of questions. If you have already answered them, just tell me so, and I will pick it up from the record.

I wanted to ask each of you, because we have received the recommendations of the Commodity Supplemental Food Program Conference, and have noted that the conference calls for the expansion of elderly CSFP sites. I have had requests from others, in addition to those of the Conference, for expansion as well. I wonder if you would comment and tell the subcommittee what you think about an expansion and what the parameters of such an expansion would be. Do you have any idea about numbers? How many more are we talking about?

Ms. **JOSAITIS**. Congressman, Eleanor Josaitis from Detroit, Program for Seniors works, I would encourage it for any place across the country. I would volunteer to go any place across the country to help them get it started. The seniors love it. They are used to the program, so I would just say to you, sir, please, it works.

Mr. **EMERSON**. I think we really have to zero in on that.

Ms. **JOSAITIS**. It is magnificent. They are use to commodities. They have that sense of feeling that they can take the food home with them. They are not bystanders in the whole process. They feel comfortable with it. They are asking for the inclusion of nonfat dry milk and cheese because to them it is stretcher food. And they will tell you it lasts all month long and they had that sense of security, to take the food home.

We have been doing it for a number of years and last month there were 40,000 senior citizens who picked up food. There is an added advantage to the program and that is that they get a volunteer also. And if the senior cannot come in to pick up their own food, a volunteer will deliver which adds another dimension to the senior's life. So you have my wholehearted endorsement of the Senior Program.

Mr. **EMERSON**. Do you have any idea in terms of numbers how many we may be talking about if we were to adequately address the needs of the whole country?

Ms. **JOSAITIS**. I have no idea, sir. I would not even take a guess at it.

Mr. **EMERSON**. We could probably get some data on that from the Department. Any one else care to comment?

Mr. **JOHNSON**. Congressman, I am Ben Johnson from New Orleans, Louisiana, and I concur with Ms. Josaitis. Our experience in New Orleans is that the program works and my amazement is that USDA is not asking that this program be expanded. Its 8 years of success throughout the country, it is the most cost effective nutritional food program for seniors. Our seniors in New Orleans, 80 percent of them do not even participate in food stamps. They are afraid. If they get food stamps, they think they are going to lose part of their SSI payment.

It is an incredible experience, and if you talk to some of our seniors, the frugality, the poverty, the integrity, the gratitude to their

Government for responding to their needs just amazes me. If I get to be 82 years old and I try to survive on $238 a month and then express gratitude because somebody is willing to home deliver to me 40 pounds of food to survive that month, something is wrong.

With the budget cutting that is going on and trying to maximum limited Federal dollars, we believe—operators of CSFP—believe this program should become one of the leading food programs for low income for senior citizens in the United States. Any city that has implemented this program has multiplied the value. And as Eleanor said in New Orleans we have over 5,000 home delivered food boxes to the elderly every month, and it creates a larger social dimension for those seniors and additional resources are brought to them.

So from our perspective in New Orleans, we would love to have you all come and visit and see how this actually works. And anybody that has come to New Orleans and seen this, they are the folks that want to start it in their community because it works.

Mr. EMERSON. I am going to be in New Orleans on other business in the middle of December and I would like to contact you to see if we might arrange a mutual and convenient time to look at it.

Mr. JOHNSON. At your convenience, Congressman.

Mr. EMERSON. This is a very powerful endorsement that you and Ms. Josaitis have made and you know that there is a debate on this issue. There is a conflict in the testimony of people who come before our committee. Some do not want us to do much with commodities. Some want us to back away from that and put it all in food stamps. In the rural area that I represent the food banks are the key and critical factor for us. What you do in urban areas, I think, is absolutely remarkable.

Mr. JOHNSON. Congressman, if I can respond to that. Our experience in New Orleans, we have just expanded into the rural area. We finally got permission to go into the outlining areas. Before we were limited totally to the urban area of New Orleans and USDA in all their wisdom finally responded after 15 years of knocking on their door, and today we have 28 tailgates. We are going into the most rural areas in the United States and responding to the mothers, the children and the seniors. And again, it is a very cost-effective efficient way of responding to them. And I would be happy to show you how that works.

And I can put another hat on. The Archdiocese was very instrumental in implementing and continuing the New Orleans Second Harvest Food Bank, and we see no conflict with this at all. They complement each other. The food banking operation deals more with institutions and with pantries. The food for family—we call it food for families, food for families program—brings an additional surplus amount of food into the homes of the mothers and children and the seniors. There is no conflict there from our perspective and we operate both of the programs.

Mr. EMERSON. I for one want to work with you to try to accomplish the goals that you have expressed here so well. You know different groups have their different interests. But they are all directed to making sure that the people who are receiving inadequate nutrition receive better nutrition. If you can find some way to bridge the gap with those groups that want to put it all in food stamps and forget about commodity distribution programs and programs for the elderly and food banks, any influence that you can use to bridge the gap with those groups, we would appreciate it.

Mr. **Johnson**. Congressman, concerning the seniors with food stamps, our experience has been that seniors do not understand and there is an incredible fear factor of loosing benefits. There is a transportation problem to go through the redtape of going down, signing up, getting the food stamps; and then to go to a grocery store and buy the food; and it is for $15.

Mr. **Emerson**. We are well aware of that.

We hold sets of hearings on barriers to participation in the Food Stamp Program. Everything that you say about the seniors, we know because we have been told it 100 times. That there is a reluctance to apply for food stamps and not so with commodities.

Mr. **Johnson**. And it is fear too.

Ms. **Josaitis**. I cannot tell you how many applications I have seen filled out for a senior citizen who will stand there and say, "honey, I cannot read." They will have to admit it and they would just as soon put their pride and walk away than have to go through that humiliating process.

Not only that, but I certainly brought enough documentation today about the advantages of the Commodity Supplemental Food Program. I think that we are good stewards of the tax dollars and I think that your committee has proved over and over again that you also are good stewards. By using the buying power of the Department of Agriculture, I know that we can provide twice as much food to twice as many people with the one tax dollar. So you will have my ongoing support of this program.

Mr. **Emerson**. We appreciate that.

Ms. **Josaitis**. Thank you, sir.

Mr. **Emerson**. Thank you, Mr. Chairman, I see I am well over on my time here. Thank you very much.

Mr. **Johnson**. Congressman, we look forward to seeing you in New Orleans.

Mr. **Emerson**. Yes, I think it is about the 15th or 16th of December.

Mr. **Hatcher**. I would like to thank all of you for being here today and for your testimony and for the job you do in your various localities. Thank you very much.

Ms. **Josaitis**. You would be welcome in Detroit, gentlemen, any time. Thank you.

Mr. **Emerson**. Thank you.

Mr. **Hatcher**. As Mr. Emerson mentioned earlier, we are at the end of the session, hopefully at the end of the session. I have another subcommittee going next door and I know the other members have all kinds of things. We have a Democratic caucus right now too.

So I hope that will help the witnesses understand why our members are in and out and are not here for the entire hearing. Without objection, the statement of the Hon. Bob Traxler of Michigan will appear, the written statement, in its entirety.

Our next panel consists of 5 witnesses—Mr. Mickey Weiss, vice president, Los Angeles Food Partnership; Ms. Winnie Nazarko, executive director of the Oregon Food Bank; Mr. Paul Magno, Zacchaeus Kitchen in Washington, D.C.; Mr. Philip R. Warth, president and chief executive officer, Second Harvest National Food Bank Network from Chicago; and Ms. Mary Jo Henny, program supervisor for the Arizona Department of Economic Security. She will be testifying on behalf of the National Association of State Agencies for Food Distribution. She is from Phoenix and she is accompanied, I understand, by Ms. Patricia Phillips who is the Washington representative for that association.

We would like to welcome all of you and in the event some of you were not here prior to the first panel, your written statements in their entirety will be made part of the record of this hearing. I encourage you to proceed by reading, if you prefer, but preferably by paraphrasing or hitting the high points on your testimony. We are operating under the 5-minute rule, but if you need a little more time than that, we will not strictly enforce it. I will call on you in the order in which I called your names. Mr. Weiss.

STATEMENT OF MICKEY WEISS, VICE PRESIDENT, LOS ANGELES FOOD PARTNERSHIP

Mr. WEISS. Mr. Chairman, my name is Mickey Weiss and I am a private citizen who was in the wholesale produce business for many years and as I grew older and saw the need of taking unsalable fresh fruits and vegetables that were thrown away—my wife and myself privately funded the charitable distribution facility in Los Angeles some 2.5 years ago. You have a written statement of how it works, but I will try to be brief with it.

It is a very simple procedure. The procedure does not require any money from this Government. It is tax free as far as any cost at all to the city, State, Federal Government. We have taken the simple idea of getting the funding from a private citizen, getting the cooperation of the county department of agriculture, and working with terminal markets throughout the United States and especially in Los Angeles where we have 2,000 feet in the market. All the merchants in the produce industry will send unsalable but edible food to our central location. The county department of agriculture man is on duty. The system cost us the first year $25,000 a year. We are now paying $37,500 and we are, as of 2.5 years have distributed 15 million pounds of produce through that facility at no cost to the Government.

I think that it is a very simple procedure. It is working private sectors with the Government and getting a maximum out of efforts and results from this program. What I would like to see this committee do is try to stimulate the thinking throughout the United States and we will help them in Los Angeles to show what we are doing in Los Angeles and if we get private citizens to work with us, we will do the distribution of foods, especially in the produce industry, where there is a tremendous amount of waste. I think that this system—we know it works in Houston where they started with a 500,000 pound forecast of what they are going to do in a year of 7 months, it is over 3 million pounds.

So you can see that the waste in the produce industry is tremendous and if we can curb it and channel it, we can save thousands and thousands of pounds of produce and distribute it to the needy and the poor and the homeless.

I think the program only needs your recommendation to the various terminals in the country and certainly we in Los Angeles will try to help. We have done it. We are working with San Diego now, Boston. Chicago is already underway. We have a little bit of a political problem there which we will work out. Hopefully we can spread this throughout the United States with your help.

If there are any questions you would like to ask, I would be glad to answer them.

[The prepared statement of Mr. Weiss appears at the conclusion of the hearing.]

Mr. **Hatcher**. Thank you, sir. We will reserve questions until we have heard from the other witnesses from the panel. Ms. Nazarko.

STATEMENT OF WINIFRED NAZARKO, EXECUTIVE DIRECTOR, OREGON FOOD BANK

Ms. **Nazarko**. Thank you, Mr. Chairman and member of the subcommittee. I am Winnie Nazarko. I am the executive director of Oregon Food Bank, a nonprofit organization that is nationally unique in that we have a centralized system for the collection and distribution of food throughout our State.

Within the greater Portland area Oregon Food Bank directly distributes food to over 160 local member programs that serve individuals and families. In other parts of the State the way we work is that we distribute food to 19 regional coordinating agencies, which serve as the hubs of the wheel in their own communities and break out the food and get it to their own programs.

The net effect is that we have a system of over 600 programs. About 232 of those are emergency food box programs; an additional 55 or 60 are soup kitchens. We are members of the Second Harvest Food Bank Network. In addition, we are the sole contractor for TEFAP within the State of Oregon. I would like to talk a little bit about how TEFAP resources are used in Oregon, so you can get a sense of who we serve and why TEFAP is a significant resource.

We did a study last year that is statistically valid, and we found out that we served emergency food during that year to at least 480,000 unduplicated individuals. In a State with the population base of about 2.75 million, you can see that the system that we have in place in Oregon serves, at least once, a very significant percentage of the State's population.

We also collected information on those who were served and found that 44 percent were children. The average recipient unit was a family of 3.2 people. The median use of emergency food boxes was three times a year, with households having extremely low income, generally in the $3,000 to $5,000 a year range. We used Federal poverty guidelines, with 130 percent of Federal poverty level used to determine eligibility.

Now one significant fact was that at the time of application for emergency food only 27 percent of the families were using food stamps. In the course of a year, these families—50 percent of them at one time or another—had used food stamps. But you can see that there is a significant population which, although they may be eligible for food stamps, are not using food stamps but are turning to this system instead. And some of the reasons for preference for commodities were discussed by previous panelists.

As you can see from the charts that I appended to my testimony, TEFAP is a very, very important resource in the State of Oregon. With the changes from the previous form of TEFAP to its present form under the Hunger Prevent Act, we experienced a cut of about 5 million pounds which is a very, very significant cut. We also have had to deal with some reduction of resources coming through the Second Harvest system, compounding the difficult situation in the State, and throwing us into an emergency mode in terms of raising contributions from the private sector.

As you can see from the charts that I have attached, looking at food supply from 1987-88 to 1988-89, we have increased locally based contributions quite significantly. But nevertheless, it is very clear to us that we are not going to be able to make up the loss of foods coming from the Federal level. That 5 million pound cut is not likely to be found within Oregon, given the fact that we are already pulling in over 6 million pounds from our private efforts and we only have a population base of 2.75 million persons.

One of the recommendations I would like to make to the committee is that you consider expanding the volume of commodities available through TEFAP again. I know it is unlikely that they will be restored to the previous level, because that was a system depending upon surplus which is no longer there. However, I think that increased volumes of purchased foods or money for purchased foods should be seriously considered.

Other recommendations—administrative money is very important to the system. The State of Oregon passes 90 percent or more of it through to us and we use it to support not only our direct operations, but the operations of regional coordinating agencies.

An additional suggestion is that purchasing done through USDA could better accommodate local preferences in terms of types and packaging of commodities. We have found some duplication between what we can get locally through our own efforts and what USDA has purchased. We also know that if processing money were made available at the State level, we would be in a position to utilize donations of raw materials that we can secure, and could put them into a form that is usable and which best supplements or allows us to stretch our private sector donations.

One final recommendation is that the free interchange between regular TEFAP commodities and those designated for soup kitchens would be very helpful. Of course the situation from State to State really varies, but in Oregon there is a relatively low percentage of soup kitchens compared to emergency food box programs. If we are allowed to move the commodities back and forth between those two sections without impediment, we could get a better product mix for everyone concerned.

I appreciate the opportunity to testify.

[The prepared statement of Ms. Nazarko appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you. Mr. Magno.

STATEMENT OF PAUL MAGNO, JR., ZACCHAEUS KITCHEN, WASHINGTON, DC

Mr. **Magno**. Good morning. My name is Paul Magno. I think I am going to speak a little bit about something you have not heard about this morning which is basic on-site meal preparation. I am the cook who uses the USDA food that is provided. I work at Zacchaeus Kitchen here in Washington which is in its 18th year of operation, serving a basic meal of soup, sandwiches and tea to 500 people each morning.

The very basic biblical imperative to share bread with the hungry, to share justice and compassion to the poor led to the establishment of Zacchaeus in 1972. I think it might be useful to your committee for me to describe a little bit of who we feed and how we manage that.

Our dining room on any given morning would probably seat 400 or 500 people as I said, mostly men come through. These men would range anywhere from age 20 to age 80. Many of them live in the streets or in shelters, although an alarming number of them are among the working poor. We typically speak of feeding 500 people in a day and that is twice the demand we faced even 2 years ago.

Most frequently the meal we served consists of a hearty vegetable soup, sandwiches and tea or juice. Consistent with our philosophy, we rely entirely on donated resources to carry on our work. We rely on the food primarily on two private sources—one of which is the weekly food run in which volunteers simply go from merchant to merchant and beg for food. We get mostly produce, occasionally we get some meat or some dairy products on the food run.

Our second steady source of food is the volunteer groups, church groups frequently, who come to volunteer and cook at Zacchaeus and bring their food with them. They purchase it at their own expense.

The other major source of food we depend on, of course, is the commodities that the Agriculture Department makes available to programs like ours. Many of these items are an irreplaceable part of our effort to feed the people who come to Zacchaeus and food we could not acquire or replace any other way. Meat, for example, is a scarce resource for us. The single most reliable source we have for large quantities of meat is the USDA commodities.

We use items such as rice, spaghetti, macaroni, peanut butter, honey, oil steadily every week to prepare our meals. In addition, we have used both canned and dried fruits, dried beans, potatoes, consistently when these are made available. Generally speaking, the variety and frequency and availability and quantities of these items has increased in recent months. Without those kind of foods, I dare say we would be compelled to drastically curtail our service, something that would be virtually conscionable for us in this period of increasing hunger in our city.

One area that has hurt our program has been the decline in the availability of dairy products as other witnesses mentioned earlier today. This has meant an end to the supply of butter, dried milk and especially cheese. Unfortunately for our diners, the cheese we use for sandwiches and the milk we used in baked goods or in creamed soups was the only steady source of calcium we could provide them. There are no substitutes we can afford to provide on our shoestring budget.

I would like to illustrate just how we use these items. If I go into to cook tomorrow, I will probably pull out of our storage cabinet a case of pork, two sacks of great Northern beans and a sack of rice, all of which would be from the USDA commodities. And I would cut up some vegetables—carrots, tomatoes, green peppers and celery that we also have on hand. All of those would go toward making 50 or 60 gallons of soup for our meal. After that I would turn to the sandwich project. I would get several racks of sliced bread that have been donated to us, a case of No. 10 cans of peanut butter, a few bottles of honey, a gallon of salad oil, and I would mix the honey and the salad oil and the peanut butter together in a bowl so that it could be spread, and we could make 500 or 600 sandwiches out of it.

After that I would take out a few cases of chilled juice and open them into the serving tanks we have for drinks, and that would be our essential meal for the day. The beans, the rice, the meat, the juice, the honey, the oil, the peanut butter all are USDA foods. And our meal would be practically hollow without them.

The kind of items we do not see any more include the cheese I mentioned, powdered milk. We see less canned beef than we used to. We almost never see chicken, and occasionally we used to get boxes of hamburger which have not been seen in a long time. Our diners are very understanding about our limitations. But all the same, soup every day gets monotonous. And as one man put it, "soup is OK and we are grateful for that, but I would like to get some food sometime."

There have been items we have got in the past that turned out to be impractical occasionally—large 50-pound sacks of anything are unwieldy to carry or to store and even milk or rice or beans in those quantities are not very practical. Likewise the 40-pound blocks of cheese we once got, we used to get which I believe was mozzarella cheese, you just cannot use a 40-pound block of cheese unless you get out the knives and cut it down and really work hard on it. Much more practical is a 5-pound package of cheese which you can put on the deli slicer and slice into sandwiches.

I hope that Congress has no problem reauthorizing this kind of program on at least the same basis it has in the past, if not in an expanded basis. As you can see by what I have said, the need for food is greater than it ever has been and a program like ours absolutely requires this kind of food. If there is any place in the history of the world where the miracle of the loaves and fishes can happen, it is in our society. We are proud of our participation in that miracle over the years and we would be glad to have any of you come by and see for yourself what that kind of miracle looks like.

Thank you for allowing me to testify.

[The prepared statement of Mr. Magno appears at the conclusion of the hearing.]

Mr. **Hatcher**. Thank you. Mr. Warth.

STATEMENT OF PHILIP R. WARTH, JR., PRESIDENT AND CHIEF EXECUTIVE OFFICER, SECOND HARVEST NATIONAL FOOD BANK NETWORK

Mr. WARTH. Thank you, Mr. Chairman. Let me first say that I do indeed appreciate the opportunity to appear before the subcommittee and share some thoughts with you. It has been my pleasure over the years to work with Mr. Emerson, not only on this committee but on the Select Committee on Hunger. I am quite pleased to see that he has been able to find the time to be in attendance today because he has, I think, played a particularly important role in the development of several unique USDA programs.

Before I get into my remarks, I do want to reflect on a comment that Mr. Weiss made. He indicated that he had run into political problems in Chicago trying to set up his produce operation. Being headquartered in Chicago, I would like to assure Mr. Weiss that we feel there is no such thing as a political problem. There are only political opportunities in the windy city. So we will be happy to work with you on those opportunities.

Mr. Chairman, in your invitation to me to appear before the subcommittee today you asked that I bring you up-to-date on the scope of the Second Harvest National Food Bank Network and to summarize its activities, the impact of the dwindling surplus of food, the relationship between food banks, and the TEFAP program, and finally to make such recommendations as I deem necessary on how you might in your endeavors make the Federal participation more meaningful.

I would like to start out by simply noting that the Second Harvest Network at this point consists of 200 food banks across the country. We are far and away the largest charitable food provider in America. The Second Harvest Network last year distributed almost 400 million pounds of donated surplus. And our Network of food banks also served some 39,000 charitable feeding programs that included church pantries, homeless shelters, soup kitchens and virtually any charity addressing the needs of the poor.

Having said that, I can also say that the involvement of Second Harvest and its food banks in the TEFAP program is a long-standing one and one that has become progressively more important as the years have gone by. During the life of the program, Second Harvest food banks have distributed over 500 million pounds of TEFAP commodities. By our account, and by our last calculation in 1987, Second Harvest food banks were responsible for the distribution of 12 percent of all commodities made available under TEFAP.

In 1987 alone, this tabulated to 172 million pounds of commodities. When you add that to the 400 million pounds or so that we receive from private sources, you see that not only are we a large operation, but you also see that TEFAP commodity distribution now comprises about 25 percent of all of the distributions being made by Second Harvest food banks.

We must say, and I have said consistently, that we do not view ourselves as the solution to hunger and we certainly pale in importance to serving the needs of the hungry in America, compared to the Food Stamp Program, the WIC Program and the like. The reality is, however, that we all know that for some reasons good and bad, there are huge numbers of people whose needs and incomes make them eligible to participate in Governmental assistant programs. But there are people—almost 40 percent of those eligible to participate in the Food Stamp Program—in this country who do not participate, either because they cannot or do not know how, or because as we heard from other witnesses this morning, they are scared that somehow this translates into a loss of benefits in other areas.

So while the Second Harvest Food Bank Network and the Charitable Food Distribution Network embodied in the 39,000 charities that we serve as well as many thousands of others, does pale in importance to Government benefits. We are indeed the safety net that is catching thousands and thousands of needy Americans. I simply encourage you to keep that in mind in your deliberations, and to recognize that no matter how much money is put into the Food Stamp Program, we are not going to be able to reach all of the needy people in this country.

These are very difficult times for us because of the 32 percent reduction in TEFAP commodities between 1987 and 1988. It has also been accompanied this year by about a 16 percent reduction in the donation of surplus food from the private sector.

This means that some of our food banks are experiencing a reduction in food for distribution of as much as 50 percent, depending upon their degree of reliance on Federal commodities. We think that this is something that you should be aware of and something, frankly, that you should consider as you prepare to reformulate the TEFAP program.

I would simply like to focus on what I view as being a fairly simple set of acknowledgements and recommendations. One is to recognize that commodity distribution does play an important role in feeding the hungry in this country. The other is to recognize that we have developed rather sophisticated systems that allow us to distribute available commodities efficiently and effectively.

And I would therefore argue that at the very least you preserve the Administrative funding at its current levels and frankly, gentlemen, I would also like to suggest that you look at ways of adding commodities to the present level to make up for the cuts that we have endured. Perhaps then you could add to those commodities by doing some shifting in priorities.

With a small shift in priorities of all Federal commodities, we feel that you could make a meaningful contribution and greatly enhance our ability to take care of the emergency feeding needs across the country. If so, if that proves to be a possibility, I would argue for an appropriate increase or at least a proportionate increase in the administrative funding to support that distribution.

There are several other suggestions included in my written testimony that includes streamlining the certification process. Last but not least, I would like to encourage you to expand the food bank demonstration program that Mr. Emerson has been so meaningfully involved in, so that you can indeed see how effective and efficient this program can be if we all take a "can-do" attitude as opposed to what we cannot do.

In closing I would simply like to underscore my appreciation on behalf of the 200 food banks that Second Harvest supports and for the 39,000 charities that our food banks support, for your interest and your concern and your willingness to roll up your sleeves and do whatever you can to help us to serve the very real needs in communities across America. Thank you.

[The prepared statement of Mr. Warth appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you, sir. Ms. Henny.

STATEMENT OF MARY JO HENNY, PROGRAM SUPERVISOR, ARIZONA DEPARTMENT OF ECONOMIC SECURITY, ON BEHALF OF THE NATIONAL ASSOCIATION OF STATE AGENCIES FOR FOOD DISTRIBUTION

Ms. HENNY. Thank you, Mr. Chairman, Mr. Emerson. My name is Mary Jo Henny and I am serving in two roles today. First is to present the position of the National Association of State Agencies for Food Distribution (NASAFD). You have our written testimony. I would like to add, Mr. Chairman, that Ms. Phillips was unable to be here today and she sends her regrets. I also want to tell you a little bit about the TEFAP program in Arizona.

NASAFD supports the reauthorization of a permanent program and I do not think I am going to reiterate all the reasons because they have been done so well by my colleagues here in this panel. Some of the themes of TEFAP fit into a lot of the other food distribution programs that you have heard testimony about this morning. They include things like volunteerism, State options and flexibility, simplicity, coordination and cooperation, partnerships in the public and private sectors, and integration of those programs into existing food distribution systems. Not creating new systems, but enhancing those that are already there.

NASAFD supports a permanent program, recommends that this committee look at a permanent food distribution program that is the successor of TEFAP. It needs to complement the other hunger programs. It does not need nor should it create divisiveness among the program. And you have alluded to that a little bit and I would encourage you to be very cautious. We recognize that there are many programs in the food distribution section. The Food Stamp Program is up for reauthorization. They all require your support.

We also would like to stress that we support the reauthorization of the soup kitchen purchases. As you have already heard, the variety of food in that program has helped tremendously, as soup kitchens and agencies prepare meals for our homeless across the Nation.

I want to talk a little bit, very briefly about what we do in Arizona with the TEFAP program. Phil has talked about some of the food banks. The food banks that I contract with are all Second Harvest food banks or affiliates. I direct ship commodities from the TEFAP program to those warehouses. One of those warehouses also is a food bank demonstration project site.

Some of the things that the TEFAP program has done, both with the administrative funds and by virtue of the fact that those warehouses have to reach out into the community, including rural Arizona, is to be able to do this more cost effectively regardless of what source of food they are carrying. When the truck leaves the food bank warehouse, typically it has been purchased in part with corporate money, with TEFAP money, and with private donations. And it carries Commodity Supplemental Food Program product, TEFAP product, gleamed agricultural produce that is a very key part of our operation, donated product, a whole wide variety of product. It does not matter. TEFAP helps pay for those costs.

Some of the other things that have happened as a result of the TEFAP program in Arizona is a closer working relationship between the Department that I work for, our food banks, other State departments in Arizona that administer food programs, and the volunteer sector. Those volunteers come from communities. They are lay people in the community, and because they volunteer in the TEFAP distribution, they understand the hunger needs of their neighbors. That impacts positively the efforts of the local food banks, the local antipoverty programs. We have a better educated public.

Local businesses often donate time, warehouse space, distribution site space, transportation, printing costs. Again, because of their involvement, they are more responsive to those local community needs. We have a commitment in Arizona to a statewide program and I would like to emphasize that.

Arizona has over 28 Indian Reservations in a very large rural area. Recently we were able to expand all of our food distribution down into the bottom of the Grand Canyon to the Havasupai Indians. This food goes down there by mule train. It is reasonably cost-effective and the people down at the bottom of the Grand Canyon rarely have any fresh produce, which is something we are trying to send down now.

We do a lot of outreach at the TEFAP distribution sites, not just for TEFAP, but we do a lot of outreach for the Food Stamp Program. For example, we were able to increase the elderly participation in the Food Stamp Program at one site by more 60 percent by having eligibility workers there doing sign-ups. We have been able to help and work closely with the WIC program when they ran into some funding problems in September at the end of the fiscal year by calling the food banks and working with the commodity distribution sites to focus more product or as much product as was available to help with the case load that WIC had to reduce.

We worked with the School Lunch Program. And we are sending out information through the schools to all families who have children who are on the free and reduced price school lunch breakfast and breakfast program.

We endorse the concept in Arizona of a permanent supplemental food program. It is run through local nonprofit organizations like food banks. We would encourage you to expand the food bank demonstration project currently in Arizona which is the largest project site. We are distributing product to all of rural Arizona. The only exclusion is the metropolitan area of Phoenix and Tucson.

This has been extremely helpful. I would like to thank you, Mr. Chairman and members of the committee for your support of all of these programs and urge you to build on the successes that we have built on, as you consider the many reauthorizations and the many food programs. Thank you.

[The prepared statement of Ms. Henry appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you very much. Mr. Weiss, I would like to congratulate you on being awarded the President's End Hunger Award which was also received by my counterpart here, Mr. Emerson. I enjoyed hearing your testimony about what you have been able to do without Government help, without much administrative cost or cost of any kind, and I congratulate you on your efforts.

Mr. Magno, I am particularly pleased to hear your testimony. It is sort of a different perspective, the fact that you are actually in there preparing the meals and seeing it perhaps from a closer perspective than other witnesses we have had. I appreciate your being here today to give us that perspective.

Ms. Henny, in your written testimony I noticed that your agency opposed sharing administrative funding with soup kitchens; is that correct?

Ms. HENNY. Yes, Mr. Chairman. NASAFD does oppose that. Let me put my NASAFD hat back on for just a minute. The rationale there is not that NASAFD does not support soup kitchens because they do. It has created some very costly administrative hassles among State agencies. For instance, in Arizona I do only TEFAP. The department of education handles the soup kitchen commodities. There was some real problems in trying to honor the legislative intent of sharing those funds. We feel that the soup kitchen should have some funding, and we think that it should be a separate appropriation.

Mr. HATCHER. Mr. Emerson.

Mr. EMERSON. Thank you, Mr. Chairman. First I want to commend all of you for your dedication and hard work in helping needy families across the United States. I think that each of you in your own way represent a very outstanding example of how the private sector and the Government can work together to help those in need and I think you have given us some real needy testimony here today.

You know, it occurs to me, Ms. Henny, that maybe as we look to address the problems of TEFAP that we do not necessarily meddle with the name. We just improve the program and give it greater permanency and better resources. I find sometimes when you tamper with the name, they think you are changing the concept or trying to spring something new. I think TEFAP has been such a remarkable success, given limited resources, that we should commit a lot more resources to it. I think it is one of the most cost-effective programs the Federal Government has going. But everybody now knows it by the name of TEFAP, so let us just try to improve TEFAP, not mess around with the name.

Mickey, it is good to see you here today. I am delighted you are here. You have such an exciting program. I understand that the staff is trying to find an opportunity for us to come on an inspection trip to California and we would like to visit your operation. What you are doing is so private-sector oriented, I do not know if you want to get the Government involved. Because it is so successful, we might do something to mess it up.

Mr. WEISS. Only from the standpoint of seeing that other parts of the country see it and recognize it.

Mr. EMERSON. We would love to do everything we can. I certainly as an individual would like to do anything that I can to help you gain access to other cities, other regions of the country, so that you can explain what you have done there. I cannot imagine people resisting it, if they know how it works. I really think it is exciting what you are doing and that we should do everything that we can to help open doors for you. Sometimes, I do not know if the committee or the Government per se is the right entity to do that, but I want you to be aware at least of my willingness to cooperate with you to see that that is done. I can certainly get you together with a lot of people in Missouri.

Mr. **Weiss**. I want you when you come down there and see what is happening and see the people, 323 charities that are certified by the Department of Agriculture before they are qualified, come down and pick up anything from apples to zucchini, you will come back with such vigor that I know will be in 100 terminals.

Mr. **Emerson**. That is what we want to do.

Mr. **Weiss**. You are welcome and please let me know in advance.

Mr. **Emerson**. The main thing is that we do not get in your way.

Mr. **Weiss**. That, it will not happen.

Mr. **Emerson**. Ms. Nazarko, Mr. Mango and Mr. Warth, you all operate programs in which commodities are involved—Federal Government commodities as well as private sector commodities. I just want to get your very candid reaction as to your view as to what would occur if, for example, we were unable to get TEFAP reauthorized and strengthened. What do you see occurring if that were to somehow happen? I do not think it is going to happen. I want to know what you think would happen if indeed that was the circumstance. Any one of you three?

Ms. **Nazarko**. I will go first. This has obviously been a point of concern for me because I feel responsible for making sure that there is food available to feed people in Oregon. One of the things about Oregon is that the distribution network itself, our ability to reach people in every part of the State in a way that is equitable, has developed around the existence of TEFAP.

When we were in the process of organizing some of these regional coordinating agencies, it was the availability of Federal commodities, especially in the more rural parts of the State, that gave them something to distribute. Then we could supplement that with donated resources and they could do their own community-based food drives and pull in local support.

You have to understand that when you get to the end of the pipeline, you are talking about volunteers in church basements putting together a food box in response to a family's need. And when it gets to a point where the people who are volunteering feel that they have nothing nearly sufficient to give to the people that come to them, they stop volunteering. So I see the effect not only in terms of a massive resource decrease in food that we know that we need to feed people in Oregon, but also in terms of a breakdown of the very distribution system itself, a system that allows private sector and community resources to be used in a very efficient manner by the Federal Government providing the "match."

Mr. **Emerson**. Mr. Chairman, could we have a little extra time here?

Mr. **Hatcher**. Yes, sir.

Mr. **Emerson**. If I may interject at this point. I want everyone else to have a shot at answering my question, but I want to ask you, given the complexity of the food stamp system itself and the difficulty in qualifying, becoming eligible and getting into the system, why there is such a large element of food advocates who are not strongly behind these temporary and emergency food programs?

Some people think that everything ought to be on the back of food stamps, and that is the problem I am trying to address. I want us to have a very clear record as we move forward to writing legislation that the kind of work that you all are involved in is equally important. In fact, many times more important because you provide the emergency up front needs that just cannot be supplied adequately by food stamps. Did you have any comment on that?

Ms. **Nazarko**. I think underlying the debate is a philosophical question. And it is the philosophical question of whether the Federal Government appropriately has responsibility for making sure that people who are low income and lack other resources are fed. I think that is the bottom line discussion. Is that a responsibility that belongs to the Federal Government, no matter whether bonus commodities are available or whether the private sector cares to contribute.

Mr. **Emerson**. Thank you. Mr. Warth.

Mr. **Warth**. At some risk to my already sullied reputation, I would like to take a swat at that one. I think there is some dichotomy in views. Mr. Emerson, you mentioned some food advocates feel there is a conflict. I tend to think that we are much more the food advocates. I think the conflict comes much more strongly from those whom I would characterize as the social justice advocates. I think there has got to be a recognition that there is a difference. Those of us that you have heard from this morning are in the business of providing a service—of distributing food to those who need it.

Many of those who would criticize us and the programs that we run are afraid that if we do our jobs too well that somehow society will become complacent and not feel that there is a need to address the broader issue of social justice. And I think that is the nature of the conflict. I think it is one that we can all live with and all make our personal judgments about. But one of the things that I usually remind people of when we have this debate is that the people that we are helping, and the people that we are feeding, and the people who so desperately need that next meal, are not interested in having this debate.

Indeed, while the world goes on and tries to negotiate some concept of social justice, people need to be fed. So I think that becomes much more of the essence of the conflict. And as you said, I think the issue is one of balance. How do we balance the dependable, much more efficient, much more cost-effective Food Stamp Program versus the needs of people who cannot be or will not be reached by that program? I think that is one of the difficult jobs that you have, certainly as a committee and as the Congress, is to make sure that there is some balance inserted there.

Mr. **Emerson**. There certainly is no threat to diminish food stamps. I think as we look to the debate that we will have next year, as we write the Food Security Act, that point should be made fundamentally clear. There is no threat to or attack upon food stamps. It is a matter of how to fill other gaps and supplement them. Very often it is the people in short-term need. A lot of times the elderly, you know it better than I, the people you deal with on a daily basis, who need food assistance.

Ms. Henny.

Ms. **Henny**. I would just like to respond to that too and add another aspect, Mr. Emerson. I think part of it is the struggle for resources. All of the programs are struggling very hard for resources. So the divisiveness again you see among the advocates is should we put all of our eggs into this basket or into another basket. So I think there is also a real competition and concern.

And you talked about food security and I am glad you used that term. I think it is very important. We are talking about people's security. That impacts our national security. I do not care how many planes we have or how strong our savings and loans are, we have to have strong people. So I think that that is part of what you are seeing.

[Letter of December 19, 1989, follows:]

DEC 21 1989

NASAFD
National Association of State Agencies for Food Distribution

Washington Office:
P.O. Box 10891
McLean, Virginia 22102
(703) 450-2880

December 19, 1989

The Honorable William Emerson
U S House of Representatives
418 CHOB
Washington, DC 20515

Dear Representative Emerson:

This is in followup to the questions you posed following my testimony at the Agriculture committee hearing November 15.

NASAFD strongly supports the NCP program. We believe that providing further processed end products is key to the success of the Commodity Distribution Program. The NCP program is administratively effectively, it alleviates duplicative work by 50 states and makes further processed products available to all recipient agencies. The impact of this program has been significantly reduced since cheese and non fat dry milk are no longer available. We would like to see USDA expand the program to include more hard to use commodities such as some of the dried fruits and to explore the potential of handling processing activities for entitlement commodities.

Concerning the role of commodities in disaster assistance, the recent experience with hurricane Hugo makes it easy to hypothesis what would have happened if donated foods had not been available. Similarities can be drawn between how TEFAP foods in consumer size packages were distributed to disaster victims, until normal channels of distribution could accept food stamps as an alternative. Had the donated foods not been available for mass feeding sites, cash or commodity letters of credit would not have helped until the regular channels of distribution were open.

Once again, NASAFD appreciated the opportunity to express our concerns before the committee.

Sincerely,

Patricia Phillips
Patricia Lynn Phillips
Washington Representative

cc: Ken Shifflett, President
Bill Ray, President-Elect

Mr. **Emerson**. Mr. Magno.

Mr. **Magno**. You asked what impact it would have on a project like ours to be without the TEFAP foods? Please do not do that to us. I find actually as I was preparing for this testimony reflecting that the stuff that we get from the Agriculture Department complements the stuff we get off our food runs in the soup pot. We get vegetables. We get tomatoes, potatoes. We get green peppers. We do not get rice. We do not get meat and we do not get beans. If you can imagine just serving the thin soup and the sandwiches are gone, I would be very very apprehensive about opening my doors to 500 men with that meager a meal. They would be angry.

Mr. **Emerson**. Interestingly, just this week the House of Representatives passed a bill that would allow the distribution of misbranded meat and poultry. It is wholesome. There is not anything wrong with it. It has just been mislabeled. Would your organizations make use of such meat and poultry, if it was made available?

Mr. **Magno**. Because the labels is mislabeled?

Mr. **Emerson**. That is all it would be. That is all that is wrong.

Mr. **Magno**. If I could open a can and it is usable, we are going to use it. Yes, sir.

Mr. **Emerson**. It is chicken in a can that says beef.

Mr. **Magno**. That is OK. No problem.

Mr. **Warth**. We will have a beef in every pot. Mr. Emerson, I would like to follow up a bit on that question as well. TEFAP has become such an important part of the charitable feeding infrastructure that even now with the rather dramatic cuts that we have endured in the last 2 years, we have seen a real weakening of that infrastructure. Our smaller food banks, for example, are in a situation where they depend on having to be able to distribute a certain volume of product to sustain the overhead of warehousing operation and so forth.

My greatest fear would be any additional cutback in TEFAP is going to measurably weaken those kinds of operations. I think one of the things that we have all taken great pride in over the years is the jobs that we have done to be able to expand service into smaller communities around this country. I know at this point the impact that the special commodity programs are having on, let us say, the food bank in Sikeston, the food bank of Iowa in Des Moines, the food bank of Augusta, Georgia, and a number of other banks around the country.

If it were not for the TEFAP experience that they are currently having, I think the food banks of this size would be in real jeopardy.

Mr. **Weiss**. I would like to bring up one thing with you. When you were mentioning of this mislabelment, I also work with the United Ways Food Partnership. Food Partnership is an organization we set up just last year in Los Angeles. It has nothing to do with my charitable distribution facility, but it does help it. If someone has 600 sacks of onions in Lancaster and wants to bring them down and he does not want to pay the freight through Food Partnership which we have the cooperation of 2,500 truckers, we have a computer and we arrange free transportation for that product for the hungry. It goes to the food banks, certainly Second Harvest and through their LA food bank it is very much of benefit.

If you have any of this product that you are talking about—beef mislabeled or whatever it is, and they are willing to give it to the Los Angeles area, we can arrange free transportation through our Food Partnership. It is a new concept and we are going to try to expand it throughout the United States. So all the food banks and all the shelters and whatever it is, the Food Partnership in Los Angeles is going to make a definite stand to bring in the product at no charge.

Ms. NAZARKO. One last comment on TEFAP. I think it is important to realize too that rural areas are more dependent on TEFAP than some of the more urban parts of the State. There are localities in Oregon in which RCA's operate where TEFAP provides as much as 70 percent of the total food supplies available for distribution.

Without that resource in an area where employment may be seasonal, and where there is a general high concentration of low income people, you have a situation where the distribution system loses its viability and may collapse. Then you wind up with a whole community that lacks access to a subsistence resource.

Mr. HATCHER. I would like to thank you again for the job you do for the hungry and the poor in this country and for you being here to testify here today. Thank you.

Our final panel is made up of Ms. Carla Jutson, who is executive director of Meals on Wheels, Inc., from Fort Worth, Texas and Ms. Beth Landon. Are you here? Deputy director of Central Arkansas Area Agency on Aging, North Little Rock, Arkansas, testifying on behalf of the National Association of Meal Programs. And I will let you introduce, if you will come up, who is accompanying you. And Mr. John Bode, attorney here in Washington, appearing on behalf of the National Frozen Pizza Institute in Washington.

Before I recognize Ms. Jutson to introduce those who are accompanying her and Ms. Landon, you all have heard that your written statements will be made a part of the record in their entirety. And we are trying to proceed on the 5-minute rule, but you can have flexibility if you need it. Let me say as well, there may be a vote, a recorded vote on the floor of the House within the next few minutes. If there is then at some point, we would have to take a break and ask you to remain until we could go vote and come back.

Ms. Jutson, if you would introduce the other people you have.

Ms. JUTSON. Thank you very much for this opportunity. Beth Landon is from North Little Rock, Arkansas, and she is going to be accompanying me, as well as Mike Giuffrida who is the administrative director of the National Association of Meal Programs; and Gail Martin, our associate director.

STATEMENT OF CARLA JUTSON, EXECUTIVE DIRECTOR, MEALS ON WHEELS, INC., ACCOMPANIED BY BETH LANDON, DEPUTY DIRECTOR, CENTRAL ARKANSAS AAA; MICHAEL J. GIUFFRIDA, ADMINISTRATIVE DIRECTOR, NATIONAL ASSOCIATION OF MEAL PROGRAMS; AND GAIL MARTIN, ASSISTANT ADMINISTRATIVE DIRECTOR

Ms. JUTSON. As you said, my name is Carla Jutson and I am executive director of Meals on Wheels, Inc., in Fort Worth, Texas. My program serves approximately 1,150 home delivered meals to senior citizens and the disabled throughout Tarrant County. We are serving approximately 300,000 meals per year. Our program has been in existence for the past 16 years and I have been the director for a little over 15 of those 16 years.

Our program is funded partially through the local community and through a cooperation with title 3C of the Older Americans Act which represents 16 percent of our funding. USDA—18 percent; the State of Texas Omnibus Hunger Fund—8 percent; and private—58 percent. In the last 3 months, we have completed a central kitchen and have raised over 87 percent of the cost of the central kitchen all through private donations in the local community.

I also represent the National Association of Meal Programs which is a 600-member organization throughout the United States of congregate and home delivered meal providers. The National Association of Meal Program members provide over 74 million meals per year. The administration on aging estimates that there are 222 million meals per year served to senior citizens. If those figures are correct then NAMP produce over one-third of those total figures. We believe AOA under estimates the number of the senior meals and we estimate that approximately 400 million meals per year are supplied to senior citizens.

Many of our programs opt to take cash in lieu of commodities. One of the main reasons that we do this is that many of the commodities that are available to us are not appropriate for our type of clientele. They were designed for large school lunch programs and are not what senior citizens need nor want. Our serving sizes are mandated to be different than the School Lunch Program as well.

Also the volume in which the commodities are presented to us make it very difficult for many senior meal programs to accept. We do not have the trucks. We are many times not located where the large distribution sites are and we cannot take 500 pounds of flour when you are producing a program of maybe only 500 meals per day.

We do not have the storage space, and the transportation many times would cost us as much as the savings to accept the commodities. What we would like to do is to see more frequent deliveries and recommend that our normal food distributors be used whenever possible to distribute commodities, instead of having large warehouses in just a few locals. This would eliminate us having to warehouse large amounts of commodities and expensive travel.

Those of us who opt for cash in lieu of commodities do not get USDA bonus commodities in bulk unless the State converts 20 percent of that cash in lieu to commodities. We at one point were able to receive the bonus commodities and many of us did so. But it is not working now because the bonus commodities that are available are not appropriate to us in that the two things that we were using the most were the beef and the cheese and that is no longer available.

Let me say to give you an example of how it is not distributed in a form that we can use. A few years ago when cheese was available, my program did distribute cheese. But we were unable to use that cheese in the preparation of our meals. The only way we could use it would be to hand a client a 5-pound box of cheese? When your average client is over 80 years old, what are they going to do with a 5-pound box of cheese? When you are distributing over 1,000 meals, you are looking at over 5,000 pounds of cheese that has to go out in one day. To deliver these boxes we had to have additional volunteers on top of our regular delivery volunteers.

The processing of USDA commodities is something that we would like to address today. The processing would be where a company enters into an agreement to process the donated commodity in a form that makes those bulk commodities into a finished product. The processor then sells that finished product to eligible customers at a reduced price. This would allow more accessibility and flexibility and industry could see what is needed and cater to our needs.

Many States do not allow senior meal programs to participate in the National Commodity Processing Program because they will not give us a State commodity agreement. Do they feel we are too small to be concerned with? And yet 88 percent of our programs are at least the average size of a school lunch program.

The other problem is the knowledge of the National Commodity Processing has been very slow to come to senior meal programs. NAMP is trying to spread the word, but we need your help to be able to do so.

Mr. Chairman, NAMP would like to make the following recommendations. One is to repeal the 20 percent rule for bonus commodities. We urge USDA to tell the States to provide commodity agreements to senior meal programs whether they take bulk commodities or not, and to allow us to use our tax ID number to serve as an NCP qualifier.

We urge USDA to look for ways to include senior meals and commodity warehousing and distribution systems instead of excluding us. We urge USDA to buy some commodities suitable for the senior meal programs and to make the 56.76 cents per meal in cash or commodities an entitlement, and index that entitlement in the same manner as for the School Lunch Program.

Finally, we would like to extend and expand the USDA National Commodity Processing Program so that we could all benefit from it.

Thank you very much for the opportunity to testify.

[The prepared statement of Ms. Jutson appears at the conclusion of the hearing.]

Mr. **Hatcher**. Thank you. Ms. Landon.

Ms. **Landon**. Mr. Chairman, I have worked in the State of Arkansas with senior meal programs for over 12 years, and I am here today as a representative of the National Association of Meal Programs. I will be available to answer any questions that you may have concerning our testimony. Thank you.

Mr. **Hatcher**. Thank you. Mr. Bode.

STATEMENT OF JOHN W. BODE, PARTNER, OLSSON, FRANK AND WEEDA, ON BEHALF OF THE NATIONAL FROZEN PIZZA INSTITUTE

Mr. **Bode**. Thank you, Mr. Chairman. I am pleased to be here on behalf of the National Frozen Pizza Institute. The National Frozen

Pizza Institute is made up of the processors of frozen pizza around the country. Annual sales of frozen pizza are in the billion dollar range and about $150 million perhaps up to $200 million of is to schools and charitable institutions. As a result, the National Frozen Pizza Institute represents the people who are probably most heavily involved in commodity processing.

In summarizing my testimony, I think I am going to echo many of the points made by previous witnesses over these two days of hearings. First of all to congratulate you on having such an extensive set of hearings, as the important farm bill gets going. And also to echo what other witnesses have said about the commodity program being a good program that has been improved and can be improved further.

It is a good program because it benefits recipients of commodities and farmers. It is a good program that reaches Indian Reservations, the homeless, low income Americans who do not get food stamps, women, infants and children and seniors. This broad array of commodity activities is really built on the core program that is providing assistance to schools and charitable institutions. That is the biggest part of the program and that is the base on which all of the other commodity activities were built.

The commodity improvements that have been made have really been built on improved communication, much broader processing, and a greater sensitivity on the part of the Department of Agriculture to recipient needs when commodity acquisitions are made.

Also, the loss of bonus commodities has had an adverse affect. It has hurt, as I focus my testimony on schools and institutions, them in particular. They are feeling the pain associated with the loss of perhaps $200 million in assistance through bonus commodities and that is having a very telling affect.

In summarizing, I submit two recommendations for the committee. With all due respect, we would hope that the committee would give careful consideration to how commodity processing might be expanded and enhanced. And that is an important undertaking in our view for the 1990 farm bill. Previous witnesses this morning, NAMP for example, did a very good job of making that point. The NASAFD, State witnesses, et al, pointed out that commodity processing has improved the system and much more can be done to make it better.

In particular, we feel a strong nationally uniform commodity processing system is important. The National Commodity Processing Program has been cited time and again as a good program. We believe it is. But there also has been an adverse affect of the National Commodity Processing Program that should be recognized. And that is, some States have pulled back on the amount of State processing they have done because NCP (National Commodity Processing) has gone forward and done such a good job with bonus commodities. We need to get more done on processing those entitlement commodities for schools and institutions to build a stronger system overall. NCP should be extended. It can and ought to be enhanced and processing entitlement commodities also should be expanded.

The second recommendation that we would respectfully submit to the committee is that the committee ask the Department of Agriculture to review and report back to the committee on what can be done to relieve the significant financial exigencies in which schools now find themselves because of the loss of bonus commodities.

I have in my testimony a couple of examples. One of them was pointed out by another witness yesterday, and that is, with flour, USDA has a set of restrictions on how bonus flour is made available to States for schools and charitable institutions. As a result, California and 14 other States this year have indicated they cannot meet those restrictions. So they are not even going to be able to take bonus flour, because those restrictions are so severe.

We feel that is inconsistent with the whole approach of bonus flour and that is an area where USDA could promptly step in and provide some very meaningful relief to schools and charitable institutions.

Another recommendation that is outlined in my testimony is the way USDA goes about buying its cheese right now. It is paying more than it needs to to buy cheese in a form that frequently is more processed than it needs to be. Processed cheese has its important uses, but USDA could save some money, a good deal of money by buying some bulk cheddar cheese at times when processed cheese has been acquired simply because USDA was rather blind in how they went about making their purchases.

That concludes my testimony.

[The prepared statement of Mr. Bode appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you very much. Ms. Jutson, I was interested in the requirement if you were going to distribute the cheese, you had to give 5 pounds to each recipient all at one time?

Ms. JUTSON. That is correct.

Mr. HATCHER. I am sort of new to this, not having served on this subcommittee in prior Congresses, what was the reason for that?

Ms. JUTSON. This is what our State told us that we had to do. We were not allowed to open the cheese in any way. We had to serve it in its original form. We could not take it into our kitchens, slice it and make sandwiches out of it, as the gentleman said earlier, instead it had to be in its bulk form.

Mr. HATCHER. That kind of disrupts an individual's constitution?

Ms. JUTSON. Yes, sir.

Mr. HATCHER. Eighty some years old eating 5 pounds of cheese. Was that national or was that just your particular State?

Ms. JUTSON. It may have been State, I really do not know. But that is the only way we were allowed to use it. If it had been in either, one, where we could have divided that up or two, where we could have purchased it in smaller units which we could then distribute as additional supplements to our clients.

Mr. HATCHER. That is helpful to us to know of glitches like that, and I appreciate you bringing that one to our attention.

Ms. JUTSON. Thank you.

Mr. HATCHER. Mr. Bode, I was interested in your comments and your written testimony and you touched on it briefly toward the end of your oral testimony about the different kinds of cheese, that perhaps it is more costly and has a higher sodium content than would be desirable for some distribution. Did you mean particularly in the form of using it for pizzas?

Mr. BODE. Yes, sir. Certainly, the National Frozen Pizza Institute, we like to see USDA acquire bulk cheddar cheese because that is very suitable for processing into pizza. USDA pays about 8.5 cents a pound less for bulk cheddar cheese than it does for processed cheese in 5-pound blocks. The Frozen Pizza Institute does not think that USDA should stop buying processed cheese. We know that there are cases where 5-pound bulks of processed cheese are most appropriate. Examples are the Commodity Supplemental Food Program and congregate feeding sites, as the gentleman from the soup kitchen pointed out.

However, we feel it is an error for USDA to publish three prices for cheese: one for bulk cheddar cheese, 4 cents per pound more for 40-pound blocks of cheddar cheese, and yet another price for processed cheese, which it is 8.5 cent a pound more than the bulk cheddar cheese. That has a bias in how USDA makes its purchases that is insensitive to recipient uses. As a result, USDA last year did not even buy any bulk cheddar cheese. Half the cheese they bought was in the form of processed cheese, and that was independent of how that cheese could be best used.

So we think by minimizing the processed cheese acquisition, USDA can save some money and be more responsive to recipient agency needs.

Mr. HATCHER. Thank you and I would like to thank all of you for being here today and for your testimony which will be a part of the record, as we begin to write the farm bill, in particular the title addressing food stamp and other nutrition programs. Thank you.

[Whereupon, at 11:25 a.m., the subcommittee was adjourned, subject to the call of the Chair.]

[Material submitted for inclusion in the record follows:]

STATEMENT OF
THE HONORABLE BOB TRAXLER
OF MICHIGAN

Mr. Chairman and members of the Subcommittee, I sincerely appreciate this opportunity to tell you of my support for the continuation of the Commodity Supplemental Food Program as part of the 1990 Farm Bill. This program has made an immeasurable difference in the lives of millions of mothers, infants and children since its inception, and continues to provide important assistance to the elderly. This accomplishment is directly due to the fine work of this Subcommittee.

I first became involved with this program in 1976 as a member of the Subcommittee on Rural Development, Agriculture, and Related Agencies of the House Appropriations Committee. My appreciation for the program has grown each year, and I am now very happy to say that this feeding program is now providing support for mothers, infants and children within portions of my Congressional District.

But this growth has not been without battles. It is amazing to me that we have had to constantly battle with Administrations to get the will of Congress done. It is also amazing to me that this program has existed in an atmosphere which almost pits food advocate against advocate as people try to protect the interests of those who need the program.

Mr. Chairman, I believe that there are three key questions to answer as part of your reauthorization of this program: who do we help, what do we give them, and how do we do it.

First, who do we help? The answer to me is obvious: anyone who is in need of assistance should receive it - regardless of age.

Eight years ago this Subcommittee responded to my urging to establish pilot commodity supplemental food programs for the elderly. This was done because the food stamp program was not successfully helping senior citizens either because of inadequate benefit levels, the difficulty of obtaining food stamps, or personal attitudinal difficulties with the program. The pilot programs in Detroit, Michigan, New Orleans, Louisiana, and Des Moines, Iowa, proved beyond a doubt that CSFP was a good source of assistance for the needy elderly.

Four years ago you confirmed these findings by authorizing a permanent elderly CSFP, and I thank you for it.

But certain problems remain. USDA has established a priority system which makes it virtually impossible to establish an elderly-only program. They claim that these priorities are in line with Congressional intent specified in the 1985 Farm Bill conference committee report. These priorities mean that any CSFP operator first has to certify that it is serving all of the mothers, infants, and children that it can before it can get an elderly program. And even though the theoretical possibility of converting unused caseload to the elderly is held out, such conversion is virtually never approved because FNS is reviewing matters on a state-wide rather than a local agency basis, despite the fact that statutory languages says that conversion may be done by a local agency with the approval of the Secretary.

Mr. Chairman, if any community can recognize a needy elderly population, why can't those in need be helped? If someone suggests that support for mothers, infants, and children will decline as a result of support for the elderly, I point to the record of the Appropriations Committee in consistently supplying funds that we believed to be adequate - even when this has meant that we provided more money that the President requested.

If you make any changes in the CSFP program as part of the Farm Bill, I implore you to move in favor of stripping a priority system that pits needy mothers and children against needy elderly. In a country as rich as ours, there should and must be room for both.

What assistance should we provide to those who need it? You will be hearing of the problems that have come about because our dairy price support program has been successful. You will recall that cut after cut was made in that program to get surplus production reduced, and to reduce the cost to the Federal Treasury of that program. One of the consequences of the success in the dairy price support program has been that we no longer have surpluses which allow us to continue donations of commodities to programs like CSFP and TEFAP.

Mr. Chairman, bureaucrats know dollars and cents. Hungry people know what is in their cupboards, what they got last month, and what they aren't getting this month. While the CSFP authorizing languages is artful simplicity that maximizes flexibility, we may need to review whether or not some standards should be imposed in the legislation regarding the nature of the food package. Nonfat dry milk and cheese may be disappearing from the CSFP food package this year, and if they stay, it could be at the expense of some other food item. While the fiscal 1990 appropriation provides for an increase over what the President requested, we hoped that this increase could be used for program expansion, not for undercalculation of food package costs. Unfortunately, it is too early to say how these dollars will be used.

Finally, we need to address how do we help people in CSFP. Certainly the least favorite aspect of any program is the administrative expenses associated with it. CSFP has received 15% of the amount of funds appropriated for food purchases, plus 15% of the value of donated commodities. Let me point out, Mr. Chairman, that this number is 15% of the wholesale price of food, and at times of a price that is even below wholesale.

The WIC program provides operators with 20% of the value of the food package, and that is a retail price. This means that the CSFP-WIC comparison is actually worse than a 15% to 20% comparison. In the meantime, additional administrative burdens are imposed on program operators. Refrigeration is needed for perishable food items. Larger and more secure warehouse space is needed. More extensive computer systems are needed - all for the same level of support that was provided over the last ten years. Mr. Chairman, this issue needs to be addressed, and I hope that you can do it.

I believe that we need to restore balance to our national priorities. We need to say that we are prepared to help needy people, not just some needy people. We need to create a forum where this judgment can be made, and unless you take the traditional first step with the authorizing legislation, we may never have that chance.

I sincerely wish you well in your efforts, and I remain committed to working with you on behalf of those who depend upon the Commodity Supplemental Food Program.

Testimony Before The Domestic Marketing, Consumer Relations, and Nutrition Subcommittee

U.S. HOUSE OF REPRESENTATIVES
Committee on Agriculture

November 16, 1989

by

Pamela P. McCandless, MPH
Administrator, Nutrition Services
Office of Public Health
Department of Health and Hospitals
New Orleans, Louisiana

Mr. Chairman and members of the Subcommittee on Domestic Marketing, Consumer Relations and Nutrition, I am Pamela McCandless, Administrator of Nutrition Services in the Louisiana Office of Public Health. This Nutrition Service Section maintains responsibility for administration of the federally funded Commodity Supplemental Food Program (CSFP), Special Supplemental Food Program for Women, Infants and Children (WIC), Surveillance of Severe Pediatric Undernutrition (SSPUN) and state supported public health nutrition programs and policies. I am pleased to be here today to comment on the significant programmatic aspects regarding the reauthorization of the CSF Program.

The Commodity Supplemental Food Program has been operational in New Orleans for nearly 20 years. In 1981, the Office of Public Health, Department of Health and Hospitals assumed CSFP State Agency responsibilities. At that time, approximately 18,000 women, infants and children were served; currently the USDA assigned caseload is 27,992. The Louisiana CSF Program presently serves the Greater Metropolitan New Orleans area which encompasses five parishes (counties). New Orleans became one of three national pilot sites to extend CSFP services to low income elderly in December, 1982 with an initial caseload of 1,800; current Louisiana elderly CSF Program participation is frozen at 24,479 with approximately 3,000 eligible senior citizens on program waiting lists.

As the designated State Agency, the Office of Public Health, Department of Health and Hospitals contracts with the Archdiocese of New Orleans to serve as the local agency to provide CSFP benefits to eligibles located in the metropolitan New Orleans area. The Archdiocese subcontracts with the City of New Orleans Health Department for provision of program monitoring and evaluation, and for participant nutrition education. The New Orleans Health Department also furnishes health services for Orleans Parish participants. CSF program participants in the other four surrounding parishes are referred to the State Agency operated health clinics.

In the State of Louisiana, one-fourth of the total state population resides in the Greater New Orleans metropolitan area; this area also has the largest number of low income residents with a racial/ethnic blend of approximately 78% black, 20% white and 2% Hispanic, Asian and Native American.

The Louisiana Office of Public Health maintains an unusual integration of health services among state operated health clinics and between contractual agencies. Through this coordination of service, both the CSF and WIC Programs are able to maximize resources to provide benefits to the most vulnerable population, namely women and children. Nutritionally high risk pregnant women and children are referred to the WIC Program; the remaining lower-risk eligibles can choose either WIC or CSF Program preference. The Commodity Supplemental Food Program augments Louisiana's efforts to assist the economically impoverished individuals. While the WIC Program is designed to serve women and children presenting nutritional risk, the Commodity Supplemental Food Program benefits the same low income, nutritionally vulnerable participant who may not have a documented nutritional risk such as anemia or poor growth pattern. Economically impoverished persons are especially susceptible to nutritional inadequacies which prevent appropriate growth, suitable pregnancy outcome and health maintenance. The Commodity Supplemental Food Program through its provision of nutritious foods on a monthly basis, significantly prevents the manifestation of clinical signs of undernutrition among the low income program eligibles.

The Louisiana Commodity Food Program operates 10 structurally permanent food distribution sites and 28 tailgate food issuance locations. All of these sites are staffed with trained employee crews who certify participants and issue the appropriate food packages. The importance of the tailgate ramification is that it permits the Commodity Supplemental Food Program to travel to areas where potential WIC eligibles cannot obtain services due to lack of transportation. Thus, the two programs (CSFP and WIC) complement each other in Louisiana. An additional service complement between these two programs is revealed by the categorical population served by CSFP - 20% CSF children are 5 to 6 years of age and 80% of women are postpartum, emphatically showing the need for food assistance beyond the categorical WIC Program limitations. The Commodity Supplemental Food Program allows an eligible child to participate until the 6th birthday; WIC ends eligibility at the 5th birthday. CSF provides postpartum benefits for one year; WIC discontinues postpartum services at six months if the mother is not breastfeeding; only 5% of Louisiana women breastfeed their offspring at six months postpartum.

Within the Greater New Orleans Metropolitan area, the combined

CSF and WIC Program efforts have reached approximately 26% penetration level for women, infants and children based upon 1980 U.S. census data. The 1980 census data are not reliable indices for Louisiana where the economy is severely depressed and unemployment has endured the highest rate in the nation for the past several years. Louisiana has hosted its share of the "new poor" who are eligible for CSF and WIC benefits. In Orleans Parish alone, there are 8,000 homeless of which 2,000 or more are women and children. Louisiana needs the combined integrated food assistance programs for its impoverished population. Other states, such as those in the Northeast and Midwest are experiencing similar problems. Responsible, dedicated program managers need current census data which reflect yearly current economic trends and population movement. The need for food assistance programs for women, infants and children in Louisiana is evident; federal continuation and expansion of the Commodity Supplemental Food Program for women, infants and children is a necessity.

The demand for the Commodity Supplemental Food Program for eligible elderly residents of the Greater New Orleans Metropolitan area cannot be satiated with current USDA assigned caseload. Within this area, assigned caseload for elderly participants who qualify at 130% of the Poverty Income Guideline is frozen at 24,479 slots. Louisiana could readily accommodate a 45,000 caseload for senior citizens. Within Louisiana's social service and food assistance structure for elderly residents acquisition of food stamps is red-tape cumbersome and financially not an attractive remuneration ($15.00/month in exchange for excess paperwork, time and transportation to obtain such); congregate meal sites offer only five meals per week whether home-delivered or obtained at a site; and food banks only supply a three-day emergency food package. Thus, the Commodity Supplemental Food Program elderly food package provides the mostly severely impoverished senior citizens with food items that constitute a major source of their nutrient intake for the month. Examples of these items are orange juice to take physician prescribed medications; vegetable, fruit and cereal items containing necessary fiber to alleviate constipation; milk and dairy products to assure calcium intake for possible prevention of osteoporosis; and egg, meat and cheese protein for rebuilding body tissue and maintaining immune systems.

Louisiana conducts a powerful volunteer program to assure that over 25% of the elderly caseload who are home-bound are adequately served. The volunteer program uses one-to-one or group oriented food delivery; the in-kind dollar value of the volunteers calculated at federal minimum hourly wage exceeds $600,000 per year. Volunteer service to the elderly not only provides delivery of the CSFP food package but also assists senior citizens with resolution of other financial or social problems such as missing bank statements or payment of utility bills. The need to serve the elderly population with a food assistance program is eminent; the percentage of persons over 60 years of age is increasing each year; the number of elderly at poverty level is outstanding. It is not equitable to assess elderly eligibility in the CSFP at 130% of poverty; eligibility for CSFP elderly should be at 185% of Poverty Income Guidelines. This is especially true due to senior citizens fixed incomes which do not keep pace with inflation. Seniors have no choice but to cut down on expenditures such as food when items such as utilities increase. A great number of these senior citizens will need food assistance simply because Social Security, Food Stamps, Medicare, and Medicaid will not permit the elderly to endure a satisfactory, health promoting livelihood. Louisiana realizes this predicament and requests legislation to provide increasing benefits to the elderly CSFP population.

Significant problems within the Commodity Supplemental Food Program need to be addressed before the federal reauthorization language is prepared. Namely, these concerns are:

1) Administrative funding: Current federal regulations state that 15% of the CSFP Congressional appropriation is divided among participating programs according to proportionate share of national authorized caseload. For Louisiana, this presently amounts to $2.50 per person per month. The inadequacy of this reimbursement is masked by the ability to earn additional administrative funds by distributing surplus (bonus) commodities or commodities provided without cost to the national program (free items). Fifteen percent of the cost of these bonus or free items is awarded to programs based on actual food issuance. This reimbursable part of the fiscal grant increases Louisiana's funding to $3.72 per person per month; this means that distribution of bonus or free commodity items provides 33% of our federal administrative funds. The success of the farm support system has eliminated the availability and need to distribute surplus and free food items thus leaving inadequate resources to maintain client eligibility and certification determinations, warehousing and food distribution activities.

2) Food package: The unavailability of surplus commodities, in particular non-fat dry milk and cheese, creates a nutritional deficit for program participants. These foods are rich in essential nutrients, especially calcium, for optimum growth and health maintenance. There are no equivalent foods programmatically allowed except for evaporated milk. Participant acceptance of evaporated milk for fluid milk consumption is poor. All CSFP food packages provide more evaporated milk than participants can use in a given month.

The current policy authorizing replacement of non-fat dry milk with the evaporated milk is unrealistic. It takes 27 twelve ounce cans of evaporated milk to provide a fluid milk equivalent to a four pound package of non-fat dry milk; this amount of evaporated milk adds 20 pounds to the 44 pound food package;

these 64 pounds are difficult for a pregnant woman to carry home, particularly if she has to rely upon public bus transportation. Non-fat dry milk and cheese are well-accepted food items. If future surpluses will be non-existent, these items should be incorporated into the authorized CSFP food package and administrative funding increased accordingly to provide programs with that 33% earned by bonus and free food item distribution.

3) Warehousing: The final 7CFR Part 250 food distribution regulations issued October 17, 1989 adversely affect the Commodity Supplemental Food Program by mandating commercial warehousing for storage and distribution of USDA-donated commodities unless a waiver is granted by USDA. Based upon 17 years of experience with commercial warehousing in Louisiana, costs became prohibitive and services were inefficient and ineffective. The State resolved this problem two years ago by purchasing its own warehouse; this maneuver increased efficiency of food distribution and provided program cost-containment. It would be logistically infeasible to operate the 28 tailgate issuance sites if commercial warehousing is a program mandate because food delivery scheduling would be uncontrollable. Our internal warehousing coordination requires only a few staff persons to receive, handle and distribute the 25 million pounds of food we issue annually. To prepare the cost containment assessments required by 7CFR Part 250.14(a) is wasteful of limited program administrative dollars when a cost-effective, self-warehousing system exists. Reauthorization legislation should exempt CSF Programs from commercial warehousing mandates.

4) Caseload vs. funding cycles: The CSFP funding year commences October 1st and ends the subsequent September 30th whereas the caseload cycle begins December 1st and closes the following November 30th. It is extremely difficult for program managers to be held accountable for appropriate caseload management during both cycles. Requests for future caseload expansion are based on serving 90% of assigned caseload during a funding year. Authorized caseload assignments are not usually awarded until the end of January or early February, which is approximately four months into the funding year or two months into the caseload year. Managers, therefore, have to maintain two sets of calculations and projections in order to maximize resources without exceeding assigned caseload. This scenario presents problems not only for caseload management but also for food ordering which must be accomplished six months in advance of distribution date.

Current funding and caseload assignment regulations decrease a State's baseline caseload to the highest average annual, fourth quarter or September participation. If the highest of these parameters is less than 100% of assigned caseload, slots are lost in the following year. Further complicating this issue is that averages are done based upon funding year, not caseload year. It is unfair to penalize programs that maintain 90% of caseload assignment but fall short of serving 100% Reauthorization legislation should address more effective coordination of these two cycles by making the funding and caseload cycle the same .

5) Fiscal year budgeted funds: All funds budgeted for CSFP should be spent during the dame fiscal year. Reallocation of caseload should be accomplished by the end of the third quarter of the caseload cycle. This again underscores the need to align funding and caseload year since the current regulations would force this recommendation to be enacted at the end of September, which is also the end of the funding year.

6) Labeling of commodity units: More attractive, commercial-type labels would definitely help to promote product acceptability and to erase program stigma of "poor peoples food." Many participants believe that the commodities are inferior products because of the generic labeling. Nutrition education and food demonstrations help to change the minds of a few interested participants but do not impact potential eligibles who fail to apply for program benefits due to the generic labeling. Commercial labeling is not unknown to CSFP, an example is infant rice cereal which currently has a commercial label as well as a small USDA logo. Nutrition labeling for USDA-donated commodities would also enhance participant education.

In order to increase the effectiveness of the national Commodity Supplemental Food Program, the following recommendations are presented for inclusion in the reauthorization legislation:

1) Increase administrative funding to at least 20% of the total appropriation. Mandate that the entire appropriation be expended in the given year by providing a mechanism for reallocation of unused program funds.

2) Provided that Recommendation 1 is utilized, keep cheese and non-fat dry milk as part of the authorized food package for women, children and elderly.

3) Maintain program benefits for two distinct populations: the elderly and the women, infants and children. Reset current priorities so that the elderly stand alone and not dependent upon saturation of potential woman, infant and child eligibles.

4) Establish financial eligibility for the elderly at 185% of the Poverty Income Guidelines.

5) Combine the funding year and caseload cycle into the same time frame.

6) Exempt CSF Programs from 7CFR Part 250.14 commercial warehousing cost benefit analysis mandate.

7) Avoid penalizing programs who serve 90% of assigned caseload by redefining the baseline for the subsequent caseload cycle to equal the prior year caseload assignment.

8) Provide for program expansion by adding new program locations and by increasing caseload for current programs.

9) Consider a commercial-type food label which would include nutritional analyses.

10) Permit programs to donate non-distributable commodity items to charitable organizations who feed the homeless.

Testimony of Eleanor M. Josaitis
Associate Director, Focus: HOPE
Detroit, Michigan

To the Agriculture Subcommittee on Domestic Marketing, Consumer Relations and Nutrition, U.S. House of Representatives

November 16, 1989

Congressman Charles Hatcher and Members of the Subcommittee:

As the Commodity Supplemental Food Program enters its twenty-first year, we are reluctant to celebrate. This program, America's first effort to direct its abundant agricultural resources to those most damaged by chronic undernutrition — poor mothers, preschool children and the elderly — today needs your re-affirmation. Basic principles we have guarded for twenty years, and the ability of the nation to meet new needs of the 1990s, are both at stake in this year's legislation.

On behalf of Commodity Supplemental Food Program operators across the country, I am asking the subcommittee to give particular attention to three concerns: the security of commodity food supplies to the program, the program's administrative funding formula, and the status of senior citizens.

In recent months, the Department of Agriculture has announced that it is unable to supply non-fat dry milk to the program, and may reduce or eliminate cheese as well. For mothers and children, the department is substituting evaporated milk; for seniors, it has all but eliminated milk in favor of a little extra meat and juice.

Neither of these options is acceptable. From a nutritional standpoint, instant milk and cheese are both essential. Instant milk provides more than one-third of the protein in the food supplement, one-half of the calcium, 90% of the Vitamin D, and upwards of 60% of several important minerals. Cheese is nearly as important. If the senior food supplement lacked both non-fat dry milk and cheese, seniors would lose 64% of the protein, 80% of Vitamin A, 89% of Vitamin D, and 85% of the calcium contained in their total food supplement. Evaporated milk is an inadequate substitute: children and most adults will not accept its very different taste, so they will not use it.

I bring this dilemma to you because it was taken up by the Congress twice before, when the USDA attempted to back away from providing the full menu of supplemental commodities. In 1973, Congress directed the department to "maintain the traditional level of assistance", and in 1977 ordered that any significant changes in food products for the program must first be reported to the appropriate committees. We are asking that you insist again, if necessary in the legislation and by name, on reliable supply of all the important foods in the supplement.

Focus: HOPE
1355 Oakman Boulevard
Detroit, Michigan 48238
(313) 883-7440

The Commodity Supplemental Food Program has justly earned a reputation as America's leanest and most efficient food program. Commodities are commercially produced for the USDA label through competitive bids. The combination of national purchasing, elimination of retail middlemen, and simple direct distribution methods at the local level, results in a superior food supplement at the lowest cost of any federal program.

Since 1977, program administrative costs have been held to 15% of the amount spent by USDA for food purchase. We are asking today that you raise the administrative allowance to 20%. This change reflects operating costs for warehousing, transportation, wages and benefits that have risen at a higher rate than USDA commodity food costs during the past decade. And it recognizes increased demands in nutrition education, inventory management and reporting requirements, and home delivery for seniors that have been added over the years.

Numerous studies have shown that USDA food costs for products in the Commodity Supplemental Food Program average about 60% of their prevailing retail cost. This means that a 20% administrative allowance based on USDA food purchase still compares quite favorably with programs, such as WIC, whose administrative percentage is based on retail food prices. We are proud of our trim budget and we plan to continue this tradition; but we must maintain our service quality and management integrity as well. And for that, a higher rate is needed.

Finally and perhaps most important, with unanimous backing of program operators, I ask you to eliminate all distinction between mothers and children and senior citizens as participants in the Commodity Supplemental Food Program.

The current legislation allows senior participation provided it does not cause local programs to "terminate or reduce commodity assistance to women, infants, and children." In its regulations, and in practice, the Department of Agriculture has used this provision to deny seniors. The department imposed a restrictive and complicated priority system that refuses hungry seniors — personally present at our doors — in favor of hypothetical mothers and children existing in someone's statistical estimate of need in Washington or at the state capitol. Even when the supposed unmet need of mothers and children pertains to the whole state, rather than the limited geographical area to which the USDA restricts the local program, the department pretends that openings must be reserved on their behalf.

I want you to know how utterly foreign and how morally disturbing such discrimination is to the anti-hunger advocates who began the Commodity Supplemental Food Program twenty years ago and who remain today at the helm of most such programs in the country. Hunger does not discriminate, and neither may we. The U.S. does not lack the agricultural power to sustain the nutritional health of citizens who cannot afford an adequate diet — especially in this most low-budget of all food programs.

Let the seniors have equal standing in law. Let the program operators deal with the real people with their real hunger, whether very young or very old. If the food runs short, we'll ask for more, just as we have in the past.

One 4lb pkg. of Non-Fat Instant Dry Milk and and one 5lb. pkg. of Cheese as a percentage of total nutrients in a standard senior food supplement:

Nutrient	Total Supplement	Non-Fat Dry Milk Amount	/ %	Cheese Amount	/ %	NF Dry Milk & Cheese Amount	/ %
Food Energy (KCAL)	30,888	6,495	21%	8,505	28%	15,000	49%
Protein (Grams)	1,792	637	36%	502	28%	1,139	64%
Vitamin A (IU)	87,802	42,998	49%	27,442	31%	70,440	80%
Vitamin D (IU)	8,972	8,001	89%	0	0	8,001	89%
Thiamin (MG)	16	7.5	47%	.61	.04%	8.1	50%
Riboflavin (MG)	53.6	32	59%	8	15%	40	74%
Folacin (MCG)	1,773	907	51%	181	10%	1,088	61%
Vitamin B-6 (MG)	12	6.25	52%	1.61	13%	7.86	66%
Vitamin B-12 (MCG)	118	72	61%	16	13%	88	75%
Calcium (MG)	42,722	22,333	52%	13,971	33%	36,304	85%
Phosphorus (MG)	45,816	17,870	39%	16,897	37%	34,777	76%
Magnesium (MG)	3,318	2,123	64%	499	15%	2,622	79%
Zinc (MG)	179	80	45%	68	38%	148	83%

COMMODITY SUPPLEMENTAL FOOD PROGRAM
Current Participation
September, 1989

	MOTHERS AND CHILDREN		SENIORS	
State	**Caseload**	**Participation**	**Caseload**	**Participation**
Arizona	**5,510**	**6,980**	**2,920**	**2,791**
Tucson	4,150	5,243	1,200	1,274
Sun City	1,360	1,737	1,700	1,517
California	**4,925**	**4,994**	**2,783**	**2,713**
Colorado	**14,410**	**15,365**	**4,828**	**5,311**
Denver	9,201	10,057	3,908	4,317
Weld County	2,811	2,857	120	166
Conejos	416	405	200	279
Mesa	1,204	1,363	no senior program	
Rio Grande	532	491	300	240
Costilla	246	192	300	309
D.C.	**4,772**	**4,635**	**10,000**	**7,609**
Illinois	**11,334**	**11,055**	**2,955**	**2,243**
Iowa	**1,987**	**1,333**	**5,164**	**4,225**
Kansas	**2,943**	**2,665**		
Kentucky	**4,204**	**3,267**	**3,225**	**3,180**
		(Kentucky Senior Waiting List:	3,000)	
Louisiana	**27,992**	**27,079**	**24,478**	**24,818**
Michigan	**46,469**	**44,889**	**32,855**	**32,732**
Detroit	38,469	42,058	32,855	32,732
Gennessee	5,000	2,188	(program started 7/1/89)	
Caro	2,500	223	(started 7/1/89)	
Lansing	500	420	(started 7/1/89)	
Minnesota	**2,788**	**3,266**	**requested conversion; hasn't heard.**	
Rochester	892	477		
St. Paul	1,896	2,789		
(Red Lake	554	603	this program is not under state jurisdiction)	

	MOTHERS AND CHILDREN		SENIORS	
State	Caseload	Participation	Caseload	Participation
Nebraska	**7,694**	**6,294**	**9,962**	**7,963**
Central	1,640	1,255	1,234	1,570
Mid Nebraska	1,340	755	1,240	1,354
Golden Rods	900	649	1,444	1,151
Lincoln Indian	600	627	1,192	633
Omaha	1,375	1,723	3,050	1,980
Blue Valley	600	625	882	740
Nebraska Pan	650	660	615	535
New Hampshire	**2,478**	**2,375**	**request for seniors denied**	
Belknap-Merinac	1,239	1,425		
Southern	1,239	950		
New Mexico	**10,000**	**6,594**	**caseload expanded to 10,000 in April.**	
New York	**10,068**	**5,840**		
North Carolina	**738**	**631**	**1,641**	**1,514**
Oregon	**929**	**650**	**Planning to apply in FY 1991**	
South Dakota	**1,373**	**1,194**		
Tennessee	**18,371**	**17,492**	**12,046**	**11,345**
MAP South	1,636	1,853	685	614
Davison	8,742	7,798	4,338	3,704
Dyer County	1,255	1,375	457	500
Shelby	6,738	6,466	6,566	6,527
	178,985	**116,598**	**112,857**	**106,524**

(Attachment follows:)

Proceedings and Report

1988 NATIONAL CONFERENCE OF COMMODITY SUPPLEMENTAL FOOD PROGRAMS

Progress Through Struggle: Across a Generation

Convened at Focus: HOPE in Detroit, Michigan, July 7-8, 1988

Foreword

Eleanor M. Josaitis, associate director of Focus: HOPE.

"Our message of success has not gotten through loudly enough and clearly enough."

The Commodity Supplemental Food Program is a partnership between government and community-based organizations, doing a vital job with efficiency, economy and compassion. We've succeeded for almost 20 years because we move food by the tons directly to low-income mothers, children and senior citizens who are at risk of malnutrition, and we do it cost-effectively, without fraud or waste, while preserving the dignity of our clients.

On paper, CSFP makes sense. In the real world, CSFP works.

Yet we find ourselves underexploited as an anti-hunger program, underpublicized as a success story, and -- amazingly, to anyone who has taken a close look at the job we do -- undermined by regulatory wrongheadedness.

It was largely for that reason that Focus: HOPE, a Detroit civil and human rights organization which operates the nation's largest CSFP, invited our colleagues who operate programs from New Hampshire to San Francisco to the 1988 National Conference of Commodity Supplemental Food Programs.

We took care of the day-to-day fine tuning that good conventions get at: using bar coding to improve efficiency in warehousing and delivery, using new computer programs for inventory. But mostly -- and this is what this conference report is about -- we tackled issues which, incredibly it seems to us, threaten the program's very existence.

For example, as each conferee stood and introduced herself or himself and stated the prime concern they brought to the conference, person after person said they wanted to initiate or expand services to low-income senior citizens. As you will see in the following excerpts from the conference dialogue, the Department of Agriculture believes that we should not even be in the business of feeding hungry seniors, let alone expanding our program. This, I fervently believe, is an example of misguided regulatory policy.

We needed to have this sort of public dialogue because each of us -- a civil rights organization in Detroit, a church agency in New Orleans, a non-profit social agency in Albuquerque -- is busy doing a job. We have no network, no national organization, no paid lobbyist in Washington. Our "message of success" as one conference participant put it, has not gotten through loudly enough and clearly enough.

It is to the Agriculture Department's credit that it participated fully and meaningfully in our conference. USDA representatives made their policies clear, and within their roles as stewards of those policies listened closely to what we had to say. We are confident that the collective wisdom of CSFP operators will have positive effects on national policy as a result.

This booklet presents highlights of our dialogue on key program policy, and it presents the resolutions approved by conference delegates. For readers who are unfamiliar with CSFP, the center pullout provides a thumbnail overview of what we do.

I hope you will find it useful.

-- Eleanor M. Josaitis
Associate Director, Focus: HOPE

Conference Dialogue

KEYNOTE: PROGRESS THROUGH STRUGGLE

Father William T. Cunningham

These transcripts of remarks by key speakers at the 1988 National Conference of Commodity Supplemental Food Programs have been edited for brevity.

Father William T. Cunningham, executive director of Focus: HOPE, the Detroit civil and human rights organization which operates the nation's largest Commodity Supplemental Food Program.

I think I can assume, and feel comfortable in assuming, that the vast majority of people in this room are advocates, not managers; not people with a job, but people with a great desire -- a passion even -- to have a society where all of our babies, all of our little people, can grow up to be fully developed.

Civil rights is hard to define. We've taken a shot at it here at Focus: HOPE. We've defined civil rights as the access of our brothers and sisters to be fully developed human beings, so that they can be productive people, self-sustaining and able to sustain others. The other side of the coin of civil rights, without which I think people really do not enjoy the dignity that we ought to have as part of our human existence, is to be contributors. A person is not whole simply as a productive person. They must go beyond being productive to being contributing people, people who give something back -- locally and across the world.

In this city of Detroit, over half of our citizens are on some kind of maintenance program, nearly 60 percent of families are single-parent families, and the vast majority of those single-parent families are ADC-headed. We're looking at a crop of children across this country who are analagous to that population, and we wonder whether they are going anywhere and whether they're going to be anybody. *They* are wondering whether they're ever going to be anybody.

We know, about children, some few things. We have begun to scratch the surface of our knowledge of what it takes to make a youngster grow and develop -- the nurture of a caress, proper nutrition. We're now being told by eminent authorities that investment in a child between the ages of two and five is more important than the investment in a college education. We used to think of that as the time for a child to be held by its mother and to play around the house. Now we are being told that it is the quintessential development period.

I remember in the days after the riots here in Detroit when we discovered the stubbornness of hunger and the deprivation of so many people, and we talked about protein in the brain. That's all we knew then. Protein is an expensive food, and if the child doesn't have it, he will not develop normally.

Then we found out that medical doctors didn't talk to behavioralists, even though they were right down the hall from each other in the same university. The behavioralists didn't know very much about neurological

> ***"We have begun to scratch the surface of our knowledge of what it takes to make a youngster grow and develop."***

development, but they sure knew about a thing called anemia. The medical doctors said, everybody's got anemia. We even called it benign because it didn't leave them crippled. And the behavioralists said, "More vicious than a loss of IQ is anemia over that behavioral development period, the first three years of a baby's life. Because with anemia you create passive dependency. You create a non-learner -- the non-stimulatable child, and that's practically irreversible."

Then the doctors and other groups talked about other things such as the child reaching out systemically and organically for food because somebody overwatered the formula or gave the kid Pepsi. The youngster read in its hunger rejection. The only way the little baby knew love was through its feeding.

"The one thing that this group is challenged with . . . is integrity. Being open with one another, challenging one another, speaking honestly.

And we talked about violence and vindictiveness. And people like me who lived and worked in the city began to understand the blank look of a 14- or 15-year-old, who was always three inches shorter than he should have been, who had just whacked a little old lady upside the head with a beer bottle and left her dead on the pavement for 42 cents. And when we talked to them at the 10th Precinct the police said: "He's an animal." What they meant was that he had no moral reflection, no sense of regret or remorse.

What are we dealing with here? My father always used to tell me as a youngster, "You can't blame everything on environment; you're just taking away free will. People *are* responsible for what they do." We certainly are responsible for what we do, for what we do to one another.

It's very important to be honest with ourselves, to have what Robert Frost called -- and I think this is the reason President Kennedy so loved him -- a "lovers' quarrel with your country," a lovers' quarrel with our institutions, our states, our departments. A relationship that cannot sustain deep and penetrating criticism is not a genuine relationship. Lovers are not only allowed to quarrel, it is demanded of them.

The one thing that this group is challenged with, as I see it, is integrity. Being open with one another, challenging one another, speaking honestly with one another. And remembering that the bottom line is not bar coding or computers or coupons or cashouts. The bottom line is: Did the baby get the food, was the food right for the baby, and is the baby now going to become somebody because of what we do here? The rest of it is irrelevant.

The purpose of this meeting is to feed these babies, to see to it that these elderly poor are fed, and that they're all taken care of.

This report was produced by Focus: HOPE. Additional copies may be obtained, while supplies last, by writing to Eleanor M. Josaitis, Associate Director, Focus: HOPE, 1355 Oakman Boulevard, Detroit MI 48238, or by calling Ms. Josaitis at (313) 883-7440. Videotapes of conference proceedings also are available from Focus: HOPE, priced to cover production costs, and also may be obtained by contacting Ms. Josaitis.

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(The complete report is held in the committee files.)

OFFICE OF THE
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ARCHDIOCESE OF NEW ORLEANS
1906 SOUTH CARROLLTON AVENUE
NEW ORLEANS, LOUISIANA 70118

November 16, 1989

Congressman Charles Hatcher, Chairman
U. S. House of Representatives
Committee on Agriculture
Subcommittee on Domestic Marketing
Consumer Relations and Nutrition
Room 1301, Longworth House Office Building
Washington, D. C. 20515

Subject: Commodity Supplemental Food Program
And Elderly Commodity Supplemental Food Program

Dear Mr. Chairman and Committee Members:

My name is Gregory Ben Johnson, Director of the Archdiocesan Office of the Social Apostolate. This office was created by the Most Reverend Philip M. Hannan, J.C.D., in 1965 and is charged with the responsibility of providing non-sectarian, non-institutional programs and services for the needy within the Archdiocese of New Orleans. My educational background includes a Masters degree in Business Administration. For the past eighteen years I have worked within the Department of the Social Apostolate. In 1971 I began working in one of the Social Apostolate's multi-purpose social service neighborhood centers located in a low-income poverty neighborhood in New Orleans. At that time I personally worked in a food distribution site of the Commodity Supplemental Food Program (CSFP) and have first-hand experience in providing this human service program to the needy in the City of New Orleans. In 1979 I became the Director of the office. Currently I administer the Commodity Supplemental Food Program and the Elderly Commodity Supplemental Food Program (ECSFP) for the Archdiocese of New Orleans.

The Commodity Supplemental Food Program was established through the United States Department of Agriculture (USDA) on January 18, 1969. The program began in the City of New Orleans in the Civil Parish of Orleans on March 16, 1970. At this time, the current CSFP state agency is the Department of Health and Hospitals; the designated CSFP local agency is the Archdiocesan Office of the Social Apostolate.

The Archdiocesan Office of the Social Apostolate is responsible for:

1) The operation of thirty-eight (38) CSFP distribution sites in five civil parishes of the Greater New Orleans Area.
2) The supervision of CSFP personnel working in the program.
3) The provision of space utilized for eleven permanent distribution sites and twenty-seven "tailgate" distribution sites (listing attached).
4) The certification/recertification process for program eligible participants.
5) Warehousing and drayage of the USDA food commodities.
6) The Archdiocesan Office of the Social Apostolate has an annual contract with the City of New Orleans Health Department to provide nutritional education and monitoring of the CSF Program.

Throughout the twenty year history of CSFP in New Orleans, the health needs of malnourished and undernourished women, infants and children have significantly improved. In December of 1982 low-income senior citizens became eligible to participate in the program. Currently fifty-two thousand four-hundred and seventy-one (52,471) participants are receiving approximately forty pounds of high protein USDA food commodities each month. This represents an authorized caseload of twenty-seven thousand nine-hundred and ninety-two (27,992) infants, children and mothers, and twenty-four thousand four-hundred and seventy-nine (24,479) senior citizens. Both the CSF and ECSF programs are currently frozen to new participants. Ten thousand (10,000) additional caseload slots for the CSFP and fifteen thousand (15,000) additional caseload slots for the ECSFP have been requested for the 1990 fiscal year. The increase for caseload participant slots are based upon census studies provided by the Business and Economic Research Department of the University of New Orleans. There is well over 40,000 eligible senior citizens and over 53,000 eligible infants, children and mothers in the greater New Orleans area.

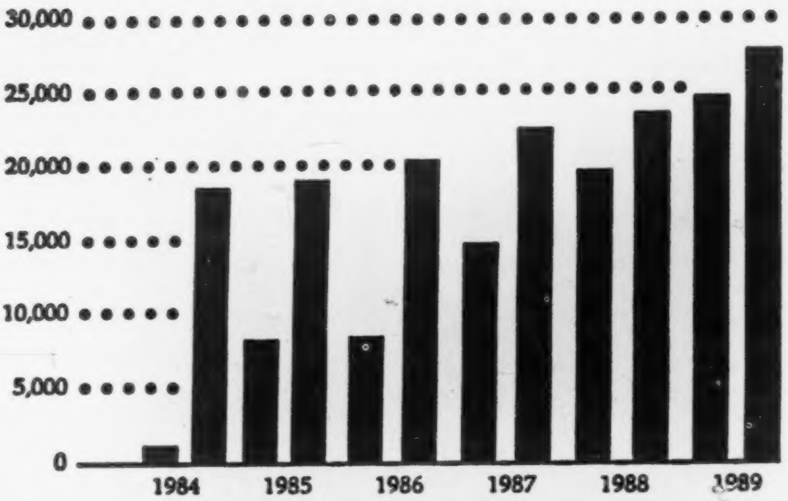
Since 1983 the New Orleans CSFP and ECSFP have experienced tremendous participation growth. The need for such food assistance programs is mainly attributed to the hard times in Louisiana and the demands for help from the "new poor" and the elderly poor. The economy of New Orleans and the state as a whole has been severely depressed for a number of years. Unemployment is in double digits and the state government is unable to fully afford providing the social services its citizens desperately need. In New Orleans proper, a fifty-percent poverty rate exists among its citizens.

The following chart presents the unprecedented growth rate of both CSFP and ECSFP in Louisiana:

COMMODITY SUPPLEMENTAL FOOD PROGRAM

ELDERLY COMMODITY SUPPLEMENTAL FOOD PROGRAM

PARTICIPATION GROWTH



ECSFP	1,800	8,000	8,000	14,000	19,335	24,500
CSFP	18,000	19,000	20,000	22,000	23,000	27,900
TOTAL PARTICIPANTS	19,800	27,000	28,000	36,000	42,335	52,400

During the 1987 Federal Fiscal Year two significant program developments were achieved:

1) The CSF Program was expanded to the Greater New Orleans Area. Thus, five civil parishes were able to participate in the CSF program. Today the program operates in the civil parishes of Orleans, Jefferson, St. Tammany, St. Bernard and Plaquemines.

2) USDA: Southwest Regional Office developed a computer program for CSFP and ECSFP recording, accounting, warehousing and certifying procedures. The efficiency rate of serving program participants, food inventories as well as the monthly reports for the same documentation has been dramatically improved. This service provided by the USDA: Southwest Regional Office is gratefully acknowledged.

During the 1988 Federal Fiscal Year the major CSF program development was:

1) The Archdiocese of New Orleans purchased a 40,000 square foot warehouse. Through this warehouse purchase the program has been stabilized, the warehousing and drayage costs reduced, and a more efficient food delivery system created.

During the 1989 Federal Fiscal Year the following goals were attained:

1) The CSFP and ECSFP reached a maximum authorized participant caseload in all five civil parishes in the Greater New Orleans Area. Over 52,000 low-income infants, children, women and senior citizens receive a USDA high protein food box each month.

2) The USDA Southwest Regional Office's computer program for the CSFP and ECSFP has been implemented and is in the final stages of de-bugging and computer interfacing among the State Health Department, New Orleans City Health Department, the Archdiocesan Administrative Office, the thirty-eight food distribution sites, and the warehouse. This program encompasses the federal inventory control guidelines, certification and recertification guidelines, and the federal food issuance guidelines to individual CSFP and ECSFP participants.

3) The CSFP and ECSFP warehouse is fully operational and meets all Federal, State and local warehousing guidelines to receive, store and distribute USDA food commodities. Proper refrigeration for the storage of USDA cheese and climate control storage for infant formula, rice and corn meal is installed and functioning. Currently 3,500,000 pounds of USDA food is stored in this facility. Each month

one-half of this food is delivered to the 38 CSFP and ECSFP distribution sites for issuance to the 52,000 certified eligible participants. During this same monthly time period, 60 to 80 semi-trailer trucks are received at the warehouse to replenish the inventory of USDA commodity foods.

Based on nineteen years of experience with the CSF and ECSF Programs in Louisiana, the following observations can be made:

1) CSFP and ECSFP are able to deliver more high protein foods to more needy people at the lowest possible cost than any other federal nutrition food program. This is due to two primary factors:
   A) The tremendous purchasing powers of the U. S. Department of Agriculture. The large bid contracts are the most effective and efficient use of the tax payers dollars.
   B) The low administrative cost. The 15% administrative reimbursement is a full 5% below the WIC administrative reimbursement. The additional value for CSFP and ECSFP is that the administrative reimbursement rate is 15% of the wholesale food value and is not computed at the retail value. This is a full 50% savings in administrative funds. Thus, more food is able to be purchased through USDA's wholesale bulk purchasing power and the administrative reimbursement is based on the wholesale food value verses the retail food value.

2) The impact of the USDA purchasing power and low administrative costs for CSF and ECSF programs are clearly demonstrated in reviewing the program activity of CSFP and ECSFP during the twelve month period of July 1, 1988 to June 30, 1989:

A) Total pounds of USDA food distributed: 23,296,830

B) Total cost of USDA food distributed: $11,408,591.00

C) Total number of USDA food boxes distributed: 518,927

D) Average wholesale cost per food box: $ 21.98

E) Average retail value per food box: $ 44.00

F) Average administrative cost per food box: $ 3.98

3) CSFP and ECSFP has demonstrated strong controls, accountability, and a lack of fraud. A strong sense of stewardship and effective use of federal resources has been exercised in program administration. Experience in operating the program has also demonstrated that hunger draws individuals to participate in these programs.

4) The CSF and ECSF programs address the basic nutritional needs of the most defenseless and vulnerable segments of our society: low-income infants, children, mothers and senior citizens. The ultimate value to society of a needy child being raised from conception to six years of age, on this program, is seen in reduced health costs and a healthy child who will be tomorrow's productive citizen. Senior citizen participants have told us that ECSFP has been the difference in being able to eat versus going hungry during a given month. This program often enables a senior to afford to live alone and to properly supplement their food diet.

5) Over the twenty years of CSFP and the eight years of ECSFP a proven track record has been established. A track record of success has quietly been established in urban and rural areas throughout the United States. There is no other federal food program that utilizes federal dollars so efficiently: 85 cents of every federal dollar appropriated for CSFP and ECSFP is used to buy food at the USDA wholesale rate.

6) ECSFP demonstrates eight years of success. The initial three models in Des Moines, Iowa, Detroit, Michigan, and New Orleans, Louisiana created three different models to help feed needy seniors. Each program has surpassed its original stated goals and continues to serve the needy seniors in their community. Each ECSFP has had hundreds of volunteers assist the plight of the elderly. In New Orleans alone, over 5,000 senior commodity boxes are home delivered each month to home bound senior citizens.

Currently, New Orleans has frozen the participation in both the CSFP and ECSFP. The authorized caseload has been reached in both programs. A caseload increase of 10,000 slots for CSFP and 15,000 slots for ECSFP has been requested for the current 1990 Federal Fiscal Year.

Nationally, many CSFP sites wish to expand or initiate the ECSFP portion of the commodity program. The cost benefit analysis indicates strong arguments for such federal initiative and activity. In implementing the ECSFP program the existing CSFP warehousing, USDA commodities, CSFP distribution sites and personnel are utilized to serve this needy segment of our society.

As we look to the future of the ECSFP and CSFP programs, great possibilities are present. The existing CSFP and ECSFP programs are responding to severe hunger problems. To enhance this response and to continue to try to respond to those not yet helped, the following recommendations are offered:

1) Federal authorization and appropriation language be created which clearly instructs USDA/FNS to spend all appropriated funds during the fiscal year in which the funds are appropriated. This is accomplished by reallocating unspent funds and unused caseload.
2) Cheese and nonfat dry milk be changed from a bonus food item to a food item of the standard CSFP and ECSFP food package. This will require a corresponding increase in the appropriation so as not to reduce existing caseload. The increase in appropriation is for the wholesale purchase of these two food commodities and for the associated administrative costs. These two commodities have clearly demonstrated their value, use and need by program participants in both CSF and ECSF programs.
3) The current 15% administrative reimbursement to CSFP and ECSFP be increased to 20%. The administrative reimbursement rate has never been increased for the CSFP and ECSFP. At this time inflation and cost of living has dramatically increased the program expenses (salaries, warehousing, drayage and equipment). The 20% administrative cost remains extremely positive since the reimburse rate is based on wholesale food cost versus the retail food cost. Thus, twice the amount of food is distributed to needy people in the CSF and ECSF programs for one-half the administrative reimbursement cost as compared to other coupon/voucher food programs.

4) The CSFP and ECSFP be given a two year budget cycle. This will allow for stronger budget planning and implementation on the state and local level. This two year budget cycle would also correspond with the existing USDA budget cycle.

5) All Temporary Emergency Food Assistance Program (TEFAP) commodities be made available for distribution in the CSFP and ECSFP sites. The CSFP and ECSFP participants are certified eligible every six months and are therefore the neediest population in the country and are entitled to the TEFAP commodities.

6) Commercial brand name labels be used for all food USDA commodities in the CSF and ECSF programs. For the past year the commercial label has been used on the Gerber infant cereal box and Nursoy infant formula. The USDA commodity credibility and participant acceptance was strongly broadened and reinforced. The stigma of a poor persons food item has been removed as well as the participant's doubt about the quality of the food product in a generic USDA label. It appears to make common sense to enhance the credibility of the USDA commodity foods by using the brand name recognition of the major manufacturers of the food products with the program participants.

7) The income eligibility guidelines for elderly senior citizens participating in the ECSFP be returned to the original maximum Federal Poverty Guideline of 185% of the federal poverty rate. The current guideline is 130%. This recommendation is in accord with other federal food programs and will eliminate an obvious financial discrimination against poor senior citizens.

8) CSFP and ECSFP be exempted from the Federal Register, Vol. 54, No. 199, (Tuesday, 10/17/89) Department of Agriculture (FNS) 7 CFR Part 250 concerning Commercial Warehousing of USDA commodities. Section 250.14 (A)(2) allows for no exceptions to the commercial warehousing of all USDA food requirements. Many of the CSFP and ECSFP operators have demonstrated the cost savings of removing the warehousing of USDA commodities from the commercial sector. All federal guidelines and requirements are maintained at a tremendous cost savings to the program. Greater program efficiencies were also attained by the program operator coordinating the warehousing, drayage and distribution of the food commodities.

9) Caseload allocation: CSF and ECSF programs maintaining a 90% participation rate by one of the three existing USDA guidelines should not have their caseload reduced as the current federal guidelines dictate. By federal definition,

a program site is penalized for not maintaining exactly 100% of participation. In attempting not to exceed the authorized caseload limit, a program site will never average 100% participation. Thus a program can maintain a 90% participation rate, and be penalized in the next fiscal year by having their authorized caseload reduced.

10) The ECSF program be established as an integral component of the CSFP. The pilot ECSF programs and the ensuing initiation of ECSF programs in cities where CSFP operates have clearly demonstrated the success of the efficient and effective program response to our poor senior citizens. Now is the time to acknowledge this exceptional initiative and create a national mandate to expand this program to all states and cities who express the willingness to start up an ECSFP for their needy senior citizens.

We respectfully urge the continuation and expansion of existing programs in the Commodity Supplemental Food Program and the Elderly Commodity Supplemental Food Program. We also urge that new states and cities be given the opportunity to serve the countless poor infants, children, mothers and senior citizens in their communities. There is no other federal food assistance program which can reach so many eligible individuals in such a cost effective and efficient manner.

Respectfully,

Gregory Ben Johnson

Gregory Ben Johnson, Director
Office of the Social Apostolate
Archdiocese of New Orleans

(Attachments follow:)

November 16, 1989
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Elderly Commodity Supplemental Food Program
Archdiocesan Office of the Social Apostolate

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STATE OF LOUISIANA, NEW ORLEANS

ORLEANS CIVIL PARISH: CSFP AND ECSFP DISTRIBUTION SITES - (11)

Central Distribution Site

Our Lady of Sacred Heart
1720 St. Bernard Avenue
New Orleans, Louisiana 70116

Lower 9th Ward

St. David
5617 St. Claude Avenue
New Orleans, Louisiana 70117

Desire/Florida Area

St. Mary of the Angels
2225 Congress Street
New Orleans, Louisiana 70117

St. Phillip
3301 Metropolitan Street
New Orleans, Louisiana 70126

Gentilly Area

St. Raymond
3738 Paris Avenue
New Orleans, Louisiana 70122

Carrollton

Incarnate Word
8326 Apricot Street
New Orleans, Louisiana 70118

Uptown Area

St. Francis
2428 Loyola Avenue
New Orleans, Louisiana 70113

St. Alphonsus
950 Josephine Street
New Orleans, Louisiana 70130

Westbank

All Saints
1440 Brooklyn Street
New Orleans, Louisiana 70114

New Orleans East

St. Brigid
13435 Grandville Street
New Orleans, Louisiana 70129

Lake Catherine Community Center
Hwy. 90, Rt. 6 Box 278
New Orleans, Louisiana 70129

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STATE OF LOUISIANA, JEFFERSON

JEFFERSON CIVIL PARISH: CSFP AND ECSFP DISTRIBUTION SITES - (8)

West Bank

Hope Haven Manor
1108 Barataria Boulevard
Marrero, Louisiana 70072

Bridge City/Kennedy Heights Gym
248 Misson Court
Avondale, Louisiana 70094

Westwego Civic Center
1220 Avenue H
Westwego, Louisiana 70094

Lafitte Civic Center
Lafitte, Louisiana 70067

East Bank

Watson Center
1300 Myrtle Street
Metairie, Louisiana 70003

Shrewco Center
1121 S. Causeway Access Road
Jefferson, Louisiana 70001

Lincoln Manor Gym
3100 Helena Drive
Kenner, Louisiana 70062

Kenner Seniors/Morgan Gym
1824 Short Street
Kenner, Louisiana 70062

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STATE OF LOUISIANA, PLAQUEMINES

PLAQUEMINES CIVIL PARISH: CSFP AND ECSFP DISTRIBUTION SITES - (8)

Empire Civic Center

Buras Auditorium

Port Sulphur Civic Center

Belle Chasse Naval Air Station
Station Library, Bldg. 400
Belle Chasse, Louisiana 70037

Davant Community Center

Boothville Community Center

Port Sulphur Senior Center "The Oaks"

Belle Chasse Auditorium
208 Belle Chasse Hwy. North
Belle Chasse, Louisiana 70037

STATE OF LOUISIANA, ST. BERNARD

ST. BERNARD CIVIL PARISH: CSFP AND ECSFP DISTRIBUTION SITES - (1)

Good Samaritan Center
714A St. Bernard Parkway
Braithwaite, Louisiana 70040

Alternate For Emergencies

St. David
5617 St. Claude Avenue
New Orleans, Louisiana 70117

STATE OF LOUISIANA, ST. TAMMANY

ST. TAMMANY CIVIL PARISH: CSFP AND ECSFP DISTRIBUTION SITES - (10)

Country Garden Estates
301 Gwen Drive
Slidell, Louisiana 70458

Pearl River Town Hall
Pearl River, Louisiana 70452

Greater Starlight Baptist Church
521 West 28th Avenue
Covington, Louisiana 70433

MBAA Hall
725 Lafitte Street
Mandeville, Louisiana 70448

Madisonville Town Hall
403 St. Francis Street
Madisonville, Louisiana 70447

Slidell Senior Center
1322 Front Street
Slidell, Louisiana 70458

Salvation Baptist Church
St. Joe, Louisiana 70452

Hadden Hall
106 S. Jahnke
Covington, Louisiana 70433

Abraham Center
1956 Lake Road
Lacombe, Louisiana 70455

Homeview Baptist Church
Folsom Junior High School Road
Folsom, Louisiana 70437

MAURICE 'MICKEY' WEISS

Testimony before the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition of the U.S. House of Representative Committee on Agriculture

Thursday, November 16, 1989

EXPLANATION OF THE LOS ANGELES WHOLESALE PRODUCE MARKET CHARITABLE DISTRIBTUION CENTER ESTABLISHED AND FUNDED BY THE MICKEY AND EDNA WEISS CHARITABLE TRUST

MICKEY WEISS

page 1

THE CRISIS OF HUNGER

Hunger is a disease that kills the spirit. Most of us have experienced the temporary physical discomfort of hunger. We can only imagine how it feels to go without eating for longer than a day...or how it feels to miss a meal every day for days on end. The ill effects of hunger go far beyond the physical sensation of pain.

In Southern California alone, approximately 2,000,000 people each month suffer the weakness, pain and frustration of hunger because of lack of money for food. A growing number of people living on incomes below the poverty line are unable to eat a marginally acceptable diet, causing not only the physical pain of hunger, but longer term health problems.

Children are the fastest growing segment of the hungry population. Hunger robs children of their ability to pay attention in school, making success in adulthood much harder to attain. Children who do not have adequate nutrition suffer growth retardation and lowered resistance to disease, the effects of which are difficult or impossible to reverse. According to a recent survey by the Los Angeles Shelter Partnership, 70% of those seeking food assistance in Southern California are families with children.

continued

MICKEY WEISS

continued, page 2/

If there was a city of California's poor youngsters under the age of 18, it would be the SECOND largest city in the state (after Los Angeles), according to the California Children's Council.

Ladies and Gentlemen, as a concerned American, I submit to you that this is not only unconscionable and unforgiveable, but it is also unnecessary in the United States, where we produce enough food to feed all of our citizens.

The food wasted in this country is unbelievable!
According to a federal government GAO study, it is estimated that the annual loss in grains, meat, vegetables, fruit and bread could feed nearly 60,000,000 people for one year!

20% of the edible food produced in the United States is wasted between the farm and the kitchen.

No one should go hungry in America today. The long term cost of hunger in our society is devastating. Hunger is the insiduous revolution fermenting beneath the service that can rip apart the fabric of our democracy. We have both the responsibility and the means to put an end to the pain of hunger. We only have to act.

continued

MICKEY WEISS

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I'm only one person, but I have tried to do something to stem the tide of the tremendous waste of food and to help feed the hungry.

I share my story with you only to prove that it IS possible for one man to make the difference.

For everyone out there who says "what can I do?" , I contend that one individual can, indeed, have an impact.

THE LOS ANGELES WHOLESALE PRODUCE MARKET CHARITABLE DISTRIBUTION CENTER

Some fifty years ago, my father -- an immigrant to this country like so many others -- took his last $500 and bought a truck from which to sell fruits and vegetables. He got into the wholesale produce supply business and I quit UCLA to help him out to support our family. My son eventually followed me. And over the decades, the business grew and we prospered. I believe that if an individual is successful, he owes it the community to give something back.

continued

MICKEY WIBSS

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I'm giving back in the only way I know -- through the Los Angeles Wholesale Produce Market, where I have been an integral part for more than forty years. As in all similiar central produce terminals across the country, vast quantities of perfectly edible (but not saleable) food are dumped each day, primarily because it is too mature to pass the 5-day shelf life requirement for delivery to supermarkets and rigid Agriculture Department standards.

You know how you see something so often, it doesn't register. You know how you get so familiar with a routine, it's impact is not readily apparent. So it was with me -- and every other produce merchant I talked to. Every day, we saw tons of edible fruits and vegetables being tossed into the garbage dumpsters. And we never did anything about it. Well, one day, it finally hit me: people are hungry and we are wasting edible nutritious food.

I made some inquiries and then, too impatient with red tape (as I have been all my life!), I decided to do something on my own.

The structure of our Charitable Distribution Center is so amazingly simple, that it works!

continued

MICKEY WEISS

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First of all, I arranged for the Los Angeles Wholesale Produce Market to donate a loading dock -- and appealed to all the merchants in the terminal to donate their leftover fruits and vegetables each morning after they have sold thier goods for the day. At their own expense, they bring the produce to the Charitable Distribution Center.

Secondly, I worked with the Los Angeles County Department of Agriculture and we hired ONE EMPLOYEE, a young man who operates the entire facility. He is responsible for the following:

- opening and closing the facility;
- determining the ediblity of the donated merchandise;
- checking the credentials of the 300-plus charities who are eligible to receive the FREE produce (charities must be certified by the L.A. County Dept. of Agriculture);
- keeping accurate records of incoming food from donors (and giving them tax-deductible receipts for their contributions) as well as outgoing supplies to charities (who gets what, how much and how often).

continued

That's it. One employee. Virtually no overhead. And all expenses paid through a personal fund called the **MICKEY AND EDNA WEISS CHARITABLE TRUST**. My wife and I give $37,500 a year to the Los Angeles County Department of Agriculture. Out of these funds, the Department pays for the one employee salary and benefits as well as the cost of telephone and other miscellaneous expenses. It costs the Department nothing. In fact, the entire operation is at no cost whatsoever to the city, county, state, or federal governments. This is totally a private sector venture -- and one, I may add, with no bureaucracy or red tape.

THE BOTTOM LINE

I am most proud to report that since its inception in May 1987, the Los Angeles Wholesale Produce Market Charitable Distribution Center has distributed as of November 1, 1988 over 16,230,000 pounds of donated edible food valued at $8,738,500! Remember: this is food that is otherwise destined for the garbage dump! Instead, we are helping to feed some 1,500,000 hungry Californians.

Ladies and Gentlemen, this project can be replicated in any locality that has a wholesale produce terminal. In March 1989, it began operating in Houston. I have talked to interested parties in other cities. There is no limit. It only take initiative and drive. The simple concept is a no-loss situation for all involved.

continued

THANKSGIVING

Two weeks from today is Thanksgiving. Most of us will be with our families to enjoy our turkey and all the traditional trimmings at a festive holiday meal. I ask each of you to pause and reflect for a moment. As we give thanks for the bounty that is America, let us not forget those who do not share in the American dream. For the millions who are hungry, there is not much to be thankful for.

We have the food. Yet we waste it. We have the transportation. Yet we don't distribute it efficiently. We have the will. Yet we are bogged down in bureaucracy. And we have millions of Americans who are hungry -- every day.

When you sit down at your holiday meal this Thanksgiving, remember those who are hungry. And if this makes you a little uncomfortable, if you don't enjoy your holiday dinner quite so much...**GOOD, THEN MAYBE YOU'LL ACT!**

I am going to be 75 years old a few days after Thanksgiving. I hope I live to see hunger eliminated in America. In the meantime, I'll do my part. And I hope I can help you do your part.

Thank you for your attention.

TESTIMONY OF
WINIFRED NAZARKO
EXECUTIVE DIRECTOR
OF
OREGON FOOD BANK
PORTLAND, OREGON

Good Morning. I appreciate the opportunity to testify before this Committee because I believe that the 1990 Farm Bill will seriously effect, for good or ill, Oregon's ability to relieve hunger in the state. I hope to offer some perspectives that will assist you in crafting a bill that will both make the best use of federal dollars, and will best support community and private sector contributions. The following is a discussion of our vantage point, our current relationship with TEFAP, and our perspective on how TEFAP might be reformulated for the public benefit.

1. Who We Are

Members of the Committee, I am Winifred Nazarko, the Executive Director of Oregon Food Bank (OFB). OFB is a nationally unique, statewide system of food banks. Our mission is to end hunger in Oregon. Our way of doing this is to distribute food to community groups that serve the hungry in our state, and in Clark County, Washington. In the greater Portland area OFB directly supplies 160 member programs who in turn assist individuals and families. Elsewhere in the state, we supply food to 19 Regional Coordinating Agencies (RCAs) who in turn supply their local programs. In all, we provide food to nearly 600 programs, including 282 emergency food box programs, as well as soup kitchens and supplemental food programs. In 1987-88, OFB's emergency food box programs provided food to over 480,000 individuals, unduplicated, about 17% of Oregon's total population.

2. Our Vantage Point

Oregon Food Bank and its RCAs are a centralized system for the collection and distribution of food resources to the hungry throughout the state. Food is allocated on an equitable basis, going to Regional Coordinating Agencies by a formula using population, poverty, and unemployment statistics. About 30% of total resources remain in the greater Portland area; the balance is distributed in other sections of Oregon and Clark County, Washington.

OFB is a member of Second Harvest. We are also the sole contractor for TEFAP in Oregon.

In 1987/88, as you will see in attached chart #1, the OFB Network had 19.81 million pounds of food available for distribution in our service area. In 1988/89, this figure was reduced to 14.12 million pounds, largely because of substantial reductions in resources provided by TEFAP. Second Harvest resources also dropped significantly during this period, leaving us increasingly reliant on food generated from within the state, by efforts of the OFB Network. This locally secured resource increased from 6.099 million pounds to 6.850 million pounds in the comparison years. Given that the total population of Oregon is only about 2.75 million, a very high level of community support for hunger relief in the state is indicated.

3. Our Relationship to TEFAP

OFB is the sole contractor with the State of Oregon for TEFAP. Within the OFB system, all TEFAP commodities are currently allocated to emergency food box programs and emergency feeding programs like soup kitchens. These uses are our first priority for all resources secured through the OFB Network.

Oregon receives slightly over $500,000 annually in TEFAP dollars for administration. The state retains less than

10%, passing about $490,000 through to OFB and its Network for expenses incurred in handling USDA commodities. Approximately $250,000 moves through OFB to Regional Coordinating Agencies, and is applied to their actual costs. Generally speaking, the pass-through to RCAs covers about 60-70% of their TEFAP expenses. The balance comes out of the budgets of the RCAs, and is ultimately picked up by the local community. Although not adequate to cover full costs, this administrative money is essential.

4. Who TEFAP Feeds in Oregon

In 1988, OFB conducted a statistically valid survey of individuals requesting emergency food boxes. The study was designed to determine the life situations of those using the emergency food box system, as well as the level of use by individuals, unduplicated.

Eligibility for emergency food boxes is restricted to those with income at or below 130% of the federal poverty guidelines. This requirement is met by signing a self-declaration.

The survey, called the Hunger Factors Assessment, found the following:

- Between July 1, 1987 and June 30, 1988, Oregon Food Bank's 282 emergency food box programs provided food to about 480,000 individuals, unduplicated.

- This means we fed 17% of the State's total population at least once.

Other relevant information about those surveyed:

- 44% of the recipients are children
- Average household size is 3.2 people
- Median annual household use of emergency food is three.
- Median income for households in the previous year, from all sources, was $3,000-4,999. Sixty percent of the respondents had annual net incomes under $5,000.
- In 38% of the households, at least one family member had some form of employment.
- Only 27% of households were receiving food stamps when surveyed. Fifty-six percent of households had received food stamps at some time in the preceding year.
- Reasons for not using food stamps ranged from questions about eligibility, problems with location of food stamp offices, resistance to application due to bureaucratic requirements and stigma, and the preference for a neighbor to neighbor approach.

To summarize, individuals using emergency food resources in Oregon are generally not food stamp recipients, although they may be eligible. The food stamp and emergency food box systems have some overlap in participation, but generally supplement each other.

5. The Significance of TEFAP to Hunger Relief in Oregon

TEFAP is essential to hunger relief in Oregon. The availability of commodities provides a predictable flow of foods of determinate volumes and types. This allows OFB to use donated foods which may not be predictable in either volume or type as supplementary resources, contributions toward an adequate emergency food box. Adequately, is defined as a 3-7 day supply of nutritionally balanced foods that can be used to prepare reasonable meals.

Oregon is currently struggling to survive the massive cuts in TEFAP foods from 87/88 to 88/89 levels. As Chart 1 indicates, Oregon lost nearly six million pounds of federal food resources during that period. The effects of this deep cut are still hitting the OFB Network. In addition to stepping up already highly developed community and private sector food solicitation efforts, various programs have attempted to compensate for TEFAP cuts by increased food purchase. In some cases, this has lead to competition with emergency shelter providers for limited FEMA dollars. In other cases, it has created a market for foods that would otherwise be donated, which may eventually erode the corporate base essential to food banking.

In some communities, emergency food pantries have closed because volunteers have felt overwhelmed by demand they were unable to meet. Other programs have reduced the size of food boxes, hours of operation, or have introduced more stringent eligibility requirements for the receipt of emergency food. It is likely there has been a displacement onto the food stamp system, which functions solely on government dollars.

A positive effect of USDA cuts and Second Harvest shortfalls in Oregon has been "forced creativity", as OFB moves to involve growers, processors, and the community at large in more coordinated contributions to hunger relief. The net effect is an increase in volume of food raised by the OFB Network, and the establishment of systems of community response can maximize in-state contribution. However, the OFB Network cannot meet the needs of Oregon's hungry without TEFAP.

It is a central, indispensable resource. Oregon's emergency food system could not have developed without it, and cannot survive if it is withdrawn.

Therefore, we recommend that TEFAP continue, at levels adequate to supplement local contributions, and meet actual community need. We believe this requires a substantial increase in the program from current levels.

6. Reformulation of TEFAP

We believe a primary advantage of the food bank concept is that it taps private sector and community contributions for the public benefit. This means federal and local governments realize savings, because some hunger relief is provided with donated resources. Charts 2 and 3 show the relative contribution of sources to Oregon in two subsequent years.

The best "stretching" of private contributions occurs when the federal commodity "match" dove-tails closely with what is secured from donations. This would allow for preparation of food boxes that are balanced and adequate. It also minimizes federal purchase of commodities that may be available locally for donation. An example of this duplication is green beans, which USDA will provide this year, and which OFB has already secured in volume.

Therefore we recommend that the type and packaging of purchased commodities be determined by the actual needs of providers. Preferably, this would be done on the state level, although regional assessment might also be viable.

In addition, in our experience, the ability to process or otherwise preserve donated "raw foods" opens up many new resource possibilities. For instance, a donation of wheat is of value if it can be transformed into pancake mix. OFB has started to coordinate such multi-dimensional projects, and other creative food banks have this capacity as well. Processing, especially canning, is a major expense that USDA currently incurs. It is our belief that if some processing funds were available at a state or regional level, food banks could leverage donations of raw materials, labor, and some materials from the private sector.

Therefore we recommend that some processing money, perhaps in pilot project form, be available to food banks at the state or regional levels.

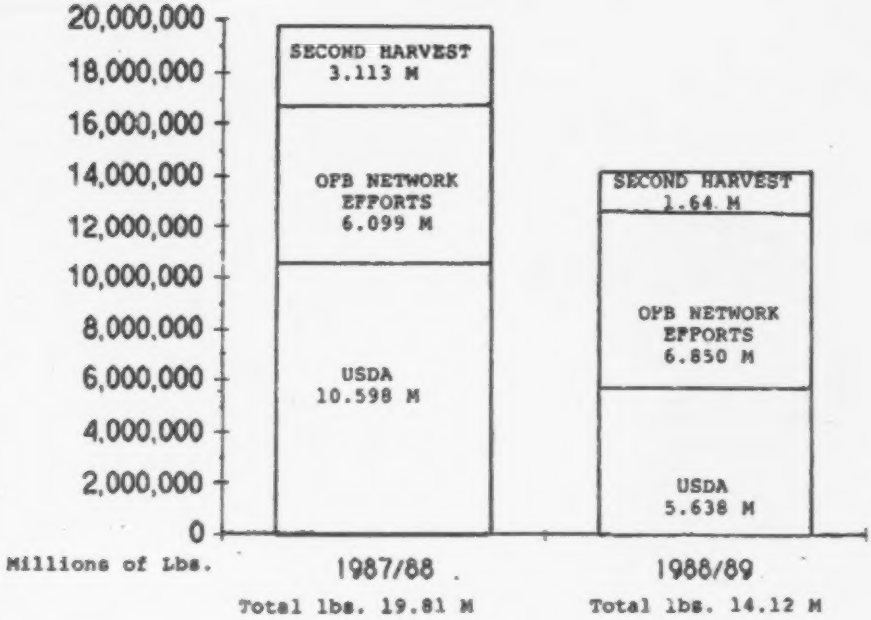
Generally speaking, we advocate greater flexibility of TEFAP by "bumping down" purchasing and processing decisions to the state or regional level with determinative input by food banks. It is ultimately uneconomical to make all decisions at the national level, since local resources and potentials vary so greatly. It is appropriate that food purchased using federal funds be of a type and in a form that makes them most useable -- both to the individuals needing them and to the programs that are trying to fit them with what the community has, or can contribute. This means local purchase options should be explored.

In addition, it would be helpful if USDA allowed soup kitchen and regular TEFAP commodities to be freely exchanged between types of hunger relief program. This would maximize product mix, and benefit both soup kitchen and emergency food box programs.

Thank you for your consideration.

(Attachments follow:)

CHART 1



Total Food Supply Available to OFB Network by Source.

CHART 2

Sources of Oregon Food Bank Food
7/1/87-6/30/88

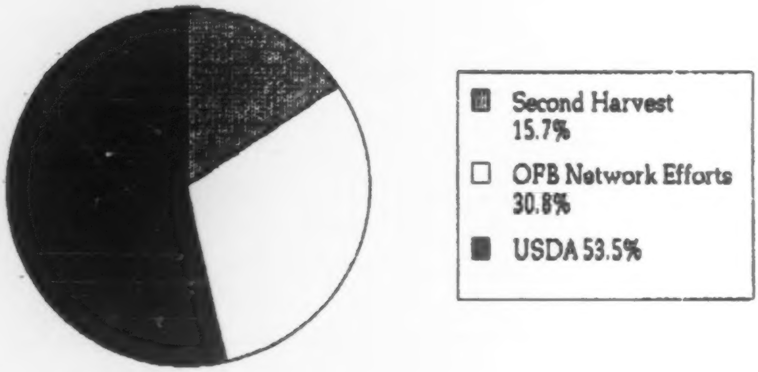
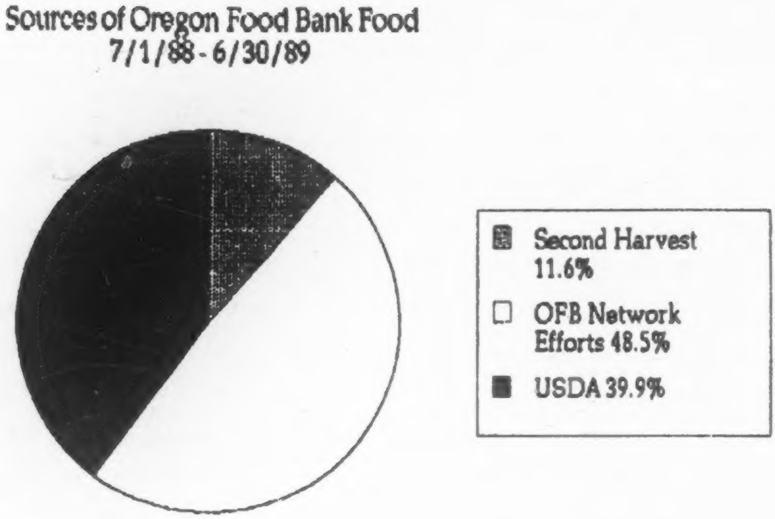


CHART 3



Sources of Oregon Food Bank Food
7/1/88 - 6/30/89

TESTIMONY BEFORE THE SUBCOMMITTEE ON DOMESTIC MARESTIC MARKETING, CONSUMER RELATIONS, AND NUTRITION

CONCERNING THE COMMODITY DONATIONS PROGRAM

NOVEMBER 16, 1989

At the outset of my testimony, I would like to share a brief introduction of myself and some background about Zacchaeus Community Kitchen, after which I will go into more detail about how Zacchaeus acquires and uses its food, both from private sources and from government commodities.

I am a 33 year old graduate of Georgetown University here in Washington DC. I have been involved with Zacchaeus Kitchen in one form or another since I first began volunteering weekly as a college sophomore. I have been "working" for Zacchaeus since 1983. By choice of values and lifestyle, I live with my wife and daughter in a small faith community, the Olive Branch Catholic Worker, dedicated to voluntary poverty and to nonviolence as essential parts of prayerful Christian living. Together we live on the modest income derived from our service at Zacchaeus Kitchen. My choice to do the kind of work I am doing at Zacchaeus kitchen, seemingly beneath my education and capabilities, is based on my faith and on my response many years ago to the vision that governs Zacchaeus Kitchen.

Zacchaeus Kitchen is a tenant of First Congregational Church at 945 G St NW here in Washington DC. This fall Zacchaeus began its 18th year of operation, serving a basic meal of soup, sandwiches and tea to 500 people each morning. It traces its origins to the social ferment that convulsed our country in the late 60's and early 70's and emerged as an effort by Christian peace activists to respond to the needs of the poor they encountered in our nation's capital. The very basic biblical imperative to share bread with the hungry, to show justice and compassion for the poor led to the establishment of Zacchaeus Kitchen in 1972. In addition to providing food for the hungry as a matter of basic justice, Zacchaeus has been a place where we have learned a great deal: about our society's food consumption habits, about homelessness, addiction to drugs and alchohol but also about what we cannot help but call the grace of God, who has invited us into a place - Zacchaeus- where we learn to love the poor, to see Christ in them, as the Gospel promised we would, and to form community with them. This is and has been the spirit of the place and I have been honored to have been part of it.

More to this committee's purpose and immediate concern, though, might be a description of who we feed and how we manage that. Our dining room on a given morning will probably see four or five hundred people come through for a meal. These will be ovrwhelmingly men, mostly African Americans; they would range in age from 20 to 80. Most of them live on the streets or in shelters, although an alarming number eat with us because they are employed in circumstances that don't allow them to make ends meet. We also worry particularly about the elderly men and the small number of women we see consistently in our dining room. We typically speak of feeding five hundred in a day, twice the demand we faced even as recently as two years ago. How many we actually feed in a day can fluctuate widely depending on the time of month, the weather and the time of year. Though we are talking five hundred now, we are concerned that we could be overwhelmed by the numbers we might face at the coldest part of the coming winter.

Most frequently the meal we serve consists of a hearty vegetable soup, sandwiches and tea or juice. When we have it available and can manage, we also offer salad, fruit or a dessert. Zacchaeus, consistent with its philosophy relies entirely on donated resources to carry on its work. We do not pursue grants or government funding, but subsist on donations from churches and individuals to pay our bills. Accordingly, we have on the order of $100/mo to spend to purchase staple items with which to keep Zacchaeus running. This would include cleaning supplies as well as items such as sugar, spices and tea. We rely for food primarily on two private sources. One is our weekly food run, in which volunteers simply go from merchant to merchant at the wholesale outlets and beg for food. What we get is primarily produce, occasionally some meat or dairy items. This is food which would ordinarily be disposed of by the merchants because it is unsalable, yet with a bit of effort on our part we are able to salvage a van load which fills two refrigerators at Zacchaeus and assists a couple of small shelters in town as well. Our second steady source of food is what comes to us from the church groups that volunteer to cook at Zacchaeus, who purchase and bring in the meals they cook. This accounts for over 40% of the meals provided at Zacchaeus. In addition we get occasional donations from schools and other groups. Two schools in particular, assist us continuously. School children at Blessed Sacrament Church provide us with hundreds of sandwiches each week and students at Archbishop Carroll High School, in addition to volunteering, conduct a Thanksgiving canned goods drive that provides us with thousands of pounds of canned goods each November. These are not the only groups that help Zacchaeus, indeed, dozens of churches and other groups make steady and critical contributions to keep us going.

Our other major source of food, of course, is the commodities which the Agriculture Department makes available to programs such as ours. Many of these items are an irreplacable part of our effort to feed the many who come to Zacchaeus to eat. We use items such as rice, spaghetti, macaroni, peanut butter, honey and oil steadily week in and week out to prepare our daily meal. In additon we use both canned and dried fruit, dried beans, canned meat and potatoes consistently when these are made availabe. Generally, the variety, frequency of availability and quantities of these items has vastly increased in recent months and the relationship between our ordering of items and their delivery has just recently hit a workable equilibrium. One area that has hurt our program has been the decline in availability of dairy products. This has meant an end to the supply of butter, dried milk and especially, cheese. As we understand it, this is a result of changes in price support policies toward dairy farmers and subsequently of the terms on which these items are available to the state agency whcih then provides them to us. Whereas a year or two ago these were designated at surplus items by the USDA and distributed on that basis, they are now sold, I believe at market prices, to state agencies. Accordingly, the District of Columbia has opted to purchase less expensive food items, and forego these. Unfortunately, for our diners, the cheese we used for sandwiches and the milk we used in baked goods or creamed soups was the only steady source of calcium we could provide and there are no substitutes we can afford to provide onour shoestring budget. This will inevitably compound the health situation of poor people who already have difficulty keeping their teeth in good shape, for example, or of our elderly friends whose bones are brittle enough or especially the women we serve for whom such calcium deficiencies wil mean greater difficulties with osteoperosis. We wish, most fervently, that the cheeses we saw up until earlier this year were still available.

Generally, as I say, the commodities we do see are an invaluable contirbution to our effort to feed our friends and are foods we could not acquire or replace otherwise. Those who beg from wholesale merchants on our behalf consistently get volumes of fresh vegetalbes and fruit, but seldom grains, such as the rice and macaroni provided by the USDA, never the dried beans we have begun recently to recieve. Meat, too, is a scarce resource for us and our diners never fail to remind us of their interest in it. The single most reliable source we have for large quantities of meat is the USDA commodities program. The canned pork and canned beef we've recieved is, again, indispensible, to our ability to the quality of the nutritious meals we are presently serving. Without such basic foods I daresay we would be compelled to drastically curtail service, something that would be virtually unconscienable in this period of increasing hunger in our city.

I would like to spend a litle time sharing with you more specifically how we turn the food provided into meals, offering actually a couple of recipes for the constructive use of USDA food, after which I want to offer a bit of a wish list of things that would make it easier for us to take advantage of these commodities to the benefit of our diners.

If I go in to cook tomorrow, I might pull out of our storage cabinet a case of canned pork, two sacks of Great Northern beans and a sack of rice. Actually, the beans will have already been on the stove for a couple of hours soaking in a hot chicken broth derived from some chicken bones a wholesaler gave us las week. I would direct volunteers to cut up carrots, tomatoes, green peppers and celery. All of these would go toward making 50-60 gallons of soup for our meal. Then I would turn to the sandwich project. Pulling from the pantry three racks of sliced bread (donated froma commercial bakery), six #10 cans of peanut butter, three bottles of honey, a gallon of salad oil, I would mix two cans of peanut butter, a bottle of honey and a suitable quantity of oil together by hand in a large mixing tub to make sandwiches from. The honey is added for its sweet flavor, the oil to render the peanut butter spreadable! From the refrigerator I'd have volunteers take out two cases of chilled juice and open them into the serving tanks we have for drinks. This would be our essential meal for the day. If we had the time, food and personnel we might add a salad, using additional salad oil (even make a macaroni salad, if we were especially ambitious) or bake dessert, using bread, dried fruit and eggs. This would use a half a case of prunes, courtesy of USDA also. Another dessert option might be chilled fruit. Lately, we have had canned peaches and pears provided by the commodities program. If it were cold, we might serve hot tea rather than the juice, which we would sweeten with USDA honey.

Things we don't see often anymore and miss include the cheese I mentioned, powdered milk, less canned beef or chicken or whole boxes of hamburger which we got occasionally in the past. If we had these items we could use them in casseroles and baking or we could serve meals like chili or stir fried dishes. Our diners are very understanding about our limitations; all the same soup every day can get monotonous and feel degrading and as one man put it to me once, " Soup's OK and I'm grateful to you, but couldn't you give us some food sometimes?" Well, as I said early on here, our philosophy at Zacchaeus is as much about loving and affirming the dignity of these people as it is about feeding them. So of course, if you maintain, as we so often do, that we are serving Christ himself when we offer a meal to one of our friends, we'd like to serve better fare. We acknowledge that peanut butter, for example, makes a good, nutritious sandwich but we're self-conscious about giving a man peanut butter sandwiches day after day - and we have to go through the work I described earlier to do it. It's been a bit of a lift to get USDA donated luncheon meat lately and to be able to offer our friends a meat sandwich instead some days. Still, the cheese we used to make sandwiches from, is no longer part of our menu.

There have been items we've gotten in the past that just turned out ot to be impractical. Peanuts, we found hard to use. About all we could do with #10 cans of peanuts is open them and put them out on table for men to snack on or hand-grind them into peanut butter. We're much happier with peanut butter than with peanuts. We use to get powdered eggs, an item our program found it couldn't use well. We baked with it some and thickened soup occasionally, but often found it was lumpy and couldn't be use without being sifted first and we don't as a practical matter, have time for that. Large 50lb. sacks of anything are unwieldy to carry and to store and milk or rice or even beans in such units aren't very practical. Likewise the 40lb. blocks of cheddar cheese we once recieved. To use that at all we needed to attack it with knives to cut it down to usable chunks that we could slice for sandwiches. Much more practical when the cheese returns is the packaging of the American cheese n 5lb sticks or mozzarella in 6lb. blocks.

I should hope that Congress would have no problem reauthorizing the federal commodities donations next yearin the 1990 Farm Bill on at least the same basis as it has been operative to date, if not on an expanded basis. As you can see by my testimony here, these foods are very badly needed by programs such as ours. I'm aware that there is a need to be concerned with maintaining a viable farm economy, too. Indeed, without the farmers, nobody eats. But I should like to add this. as well. I have had the good fortune to travel all over this country ovr the years, including to our nation's farmlands. It seems clear to me that we have the land and the talent and the wealth in this country, - in short all the means - to provide abundant food for our people and many more besides. If there is any place in the history of the world where the biblical miracle of loaves and fishes can occur it is in our society. But as in that scripture story, accomplishing the miracle depends entirely on our willingness to understand that people have the right to eat and that those with the means to provide food need to respond to hunger as a matter of compassion and justice. We have done our best over nearly two decades to participate in this miracle at Zacchaeus Community Kitchen and we would proudly invite any of you to come and see for yourself what a miracle looks like. It is my hope and prayer that Congress will understand such truth and do its best to be part of that miracle. Thank you for accepting my testimony.

Submitted by:

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on behalf of

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TESTIMONY OF
PHILIP R. WARTH JR.
PRESIDENT AND CHIEF EXECUTIVE OFFICER
OF
SECOND HARVEST NATIONAL FOOD BANK NETWORK
CHICAGO, ILLINOIS

GOOD MORNING. I AM APPRECIATIVE OF THE OPPORTUNITY TO ASSIST THE COMMITTEE AS IT PREPARES TO DRAFT THE 1990 FARM BILL. I WILL DISCUSS THE RELATIONSHIP BETWEEN FOOD BANKS AND TEFAP, AND THEN OFFER SUGGESTIONS AS TO THE FUTURE OF THIS TYPE OF DOMESTIC COMMODITY DONATION EFFORT.

YOU MAY BE AWARE THAT SECOND HARVEST REPRESENTS THE LARGEST CHARITABLE FEEDING INITIATIVE IN AMERICA; HOWEVER, YOU MAY NOT BE AWARE OF THE EXTENT TO WHICH THE SECOND HARVEST NETWORK HAS BEEN RESPONSIBLE FOR THE DISTRIBUTION OF TEFAP COMMODITIES, BEGINNING WITH THE VERY FIRST CHEESE DISTRIBUTIONS IN 1982 AND CONTINUING TO THIS DAY.

EVEN IN THAT FIRST YEAR OF COMMODITY DISTRIBUTION, 42% OF THE 45 SECOND HARVEST FOOD BANKS AT THE TIME BECAME INVOLVED IMMEDIATELY, DISTRIBUTING 7.5 MILLION POUNDS OF DAIRY SURPLUS. THIS WAS 11% OF THE TOTAL POUNDS DISTRIBUTED BY THE SECOND HARVEST NETWORK THAT YEAR TO 8,500 LOCAL CHARITIES. THROUGH THE YEARS PARTICIPATION AND

POUNDAGE HAVE INCREASED SIGNIFICANTLY. IN 1987, 64% OF ALL SECOND HARVEST MEMBER FOOD BANKS, BY NOW NUMBERING 200, DISTRIBUTED 172.1 MILLION POUNDS OF COMMODITIES, IN ADDITION TO THE ALMOST 400 MILLION POUNDS OF SURPLUS RECEIVED VIA DONATION BY THE AMERICAN FOOD INDUSTRY.

THE CLOSENESS OF THIS RELATIONSHIP IS UNDERSTANDABLE AND USEFUL. FOOD BANKS HAVE THE KNOWLEDGE AND CAPACITY TO COLLECT, INVENTORY, WAREHOUSE, TRANSPORT, AND REDISTRIBUTE LARGE QUANTITIES OF FOOD AND GROCERY ITEMS FOR USE IN FEEDING HUNGRY PEOPLE ON A DAILY BASIS; THIS IS WHAT THEY ARE IN BUSINESS TO DO. AND WITH A FOOD BANK IN NEARLY EVERY MAJOR CITY IN THE COUNTRY, THE AGGREGATE ABILITY OF THE NETWORK IS UNEQUALED BY ANY OTHER PRIVATE OR GOVERNMENTAL DISTRIBUTION PROGRAM.

THEREFORE, IT IS NOT SURPRISING THAT AS COMMODITIES BECAME AVAILABLE FOOD BANKS WERE QUICK TO ABSORB THEM. FROM THE FIRST DAYS OF THE SPECIAL DAIRY DISTRIBUTION PROGRAM IN 1982 THROUGH THE END OF THE CALENDAR YEAR 1988, FOOD BANKS, IN FACT, DISTRIBUTED 544.5 MILLION POUNDS OF USDA COMMODITIES.

HOW DOES THIS COMPARE ON A PERCENTAGE BASIS WITH THE TOTAL SDDP/TEFAP COMMODITIES DISTRIBUTED? FROM 1982 THROUGH 1985, FOOD

BANKS DISTRIBUTED 6% OF THE TOTAL. 1986 SAW A JUMP TO ALMOST 11%. 1987 BROUGHT ANOTHER INCREASE WITH THE FOOD BANK TOTAL BEING 11 1/2%. WE HAVE REASON TO BELIEVE 1988 WAS EVEN HIGHER SINCE MASS DISTRIBUTIONS WERE IN DECLINE AND THE HUNGER PREVENTION ACT WAS IN FULL SWING. AS YOU CAN SEE, THE PARALLEL DEVELOPMENT OF FOOD BANKING AND TEFAP WAS NOT A COINCIDENCE.

THERE EXISTS A FOURTH KEY TO UNDERSTANDING THE RELATIONSHIP THAT HAS GROWN BETWEEN SECOND HARVEST FOOD BANKS AND TEFAP, IN ADDITION TO KNOWLEDGE, CAPACITY, AND ABILITY. IT IS THE CHARACTERISTIC THAT IS MOST RELEVANT AS YOU PLAN FOR THE FUTURE OF WHAT WAS ORIGINALLY THE SDDP AND HAS BEEN TEFAP NOW FOR ALMOST SEVEN YEARS. TEFAP BEGAN, AND HAS EXTENDED THROUGH, A PERIOD OF DETERMINED GROWTH IN SERVICE THROUGHOUT THE NETWORK. BY THIS I MEAN THAT INDIVIDUAL FOOD BANKS DEVELOPED THEIR DISTRIBUTION SYSTEMS AND THE NETWORKS OF RECIPIENT AGENCIES WITHIN THEIR SERVICE AREAS IN A COMMITMENT TO ALL THE HUNGRY, BOTH IN THE CITIES AND IN THE RURAL AREAS. BY THE END OF 1988 SECOND HARVEST FOOD BANKS WERE SERVING ALMOST 39,000 CHARITIES ACROSS THE COUNTRY. THESE DISTRIBUTION SYSTEM NETWORKS ARE NOW FIRMLY ESTABLISHED. WE MUST ALL ACKNOWLEDGE THAT THE AVAILABILITY OF TEFAP COMMODITIES, DURING THIS PERIOD OF PLANNED GROWTH IN RESPONSE TO RECOGNIZED NEED, PLAYED A SIGNIFICANT ROLE IN REACHING FOLKS NOT NORMALLY HELPED BY OTHER ASSISTANCE PROGRAMS.

LET ME TOUCH FOR A BRIEF MOMENT UPON THIS CONCEPT OF "RECOGNIZED NEED". SINCE 1981, THE YEAR PRIOR TO THE FIRST SDDP DISTRIBUTIONS, THE COST OF LIVING HAS INCREASED BY MORE THAN 30%. WE ALL ACKNOWLEDGE THAT THE UNEMPLOYMENT RATE IS EXTREMELY LOW AT 5% CURRENTLY, BUT WE MUST ALSO ALL ACKNOWLEDGE THAT MANY OF THE NEWLY EMPLOYED SINCE 1982 HAVE FOUND WORK IN THE GROWING SERVICE ECONOMY WHERE ANNUALIZED SALARIES ARE OFTEN IN THE $10,000 RANGE AND BENEFITS SUCH AS HEALTH INSURANCE ARE MINIMAL. IN SHORT, LOW WAGE EMPLOYMENT COMBINED WITH A STEADY INCREASE IN THE COST OF LIVING - PARTICULARLY THE COST OF HOUSING, HAVE LEFT A NUMBER OF GAINFULLY EMPLOYED VULNERABLE TO CHRONIC FOOD EMERGENCIES, WHICH ARE OFTEN ADDRESSED BY LOCAL CHARITIES WHICH ARE SUPPLIED BY FOOD BANKS.

HOWEVER, TOTAL DONATIONS ARE NO LONGER INCREASING IN PROPORTION TO THE NEED, AND OUR FOOD BANK NETWORK IS SHOWING SIGNS OF STRAIN. A 32% DECREASE IN AVAILABLE COMMODITIES WAS EXPERIENCED BETWEEN 1987 AND 1988. UNFORTUNATELY, WE HAVE EXPERIENCED A DOWNTURN IN PRIVATE PRODUCT DONATIONS AS WELL WHICH BEGAN IN MID '88 AND IS STILL IN EXISTENCE. IN FACT, WE ESTIMATE THAT 1989 DONATIONS WILL FALL 16% BELOW LAST YEAR'S LEVELS, FACILITATING THE DEMISE OF A DISTRIBUTION SYSTEM THAT REACHES THOSE THAT ARE IN NEED BUT THAT DO NOT HAVE EASY ACCESS TO ESTABLISHED FEDERAL ASSISTANCE PROGRAMS. THUS, ANY

FURTHER CUTS IN FEDERAL COMMODITIES WILL NOT ONLY IMPACT THOSE IN NEED, BUT WILL ALSO BEGIN TO IMPACT THE EXCELLENT DISTRIBUTION NETWORK WHICH PRIDES ITSELF ON REACHING SO MANY WHO LACK ACCESS TO GOVERNMENTAL PROGRAMS.

THEREFORE, I SUGGEST THAT THERE IS A PLACE IN OUR FUTURE, VIA THE FARM BILL, FOR AN ENDORSEMENT OF THE CONTINUED USE OF THIS DEVELOPED DISTRIBUTION SYSTEM TO DISPERSE ANY COMMODITIES THAT MIGHT BECOME AVAILABLE. ADDITIONALLY, I OFFER SECOND HARVEST AS AN EFFICIENT ALTERNATIVE FOR THE PROCESSING OF BULK PRODUCTS.

THERE ARE OTHER SUGGESTIONS I WOULD LIKE TO MAKE, ASSUMING A CONTINUATION AT SOME LEVEL OF WHAT IS NOW TEFAP.

A) I CONTINUE TO BELIEVE THAT ADMINISTRATIVE MONIES ARE A NECESSITY, BOTH FOR THE ADMINISTRATION OF COMMODITIES DISTRIBUTIONS AND TO PROVIDE ORGANIZATIONS CAUGHT IN THIS DUAL PRODUCT DOWNTURN WITH THE RESOURCES NEEDED TO UNDERTAKE THEIR OWN INITIATIVES TO INCREASE PRIVATE SECTOR INVOLVEMENT IN THEIR OWN COMMUNITIES.

B) I PROPOSE PLANS TO CONTINUE THE NATIONAL ADVISORY COUNCIL ON COMMODITY DISTRIBUTION INITIATED BY THE COMMODITY DISTRIBUTION

REFORM ACT AND WIC AMENDMENTS OF 1987, SLATED TO BE DISBANDED BY THE ACT IN 1992. THIS COUNCIL CAN BE THE CONDUIT FOR THE TREMENDOUS AMOUNT OF INPUT I FORESEE BEING OFFERED BY ALL ASPECTS OF THE DISTRIBUTING NETWORK AS THE FACE OF DOMESTIC COMMODITY DISTRIBUTION CHANGES. IT MAY WELL ALSO BE USEFUL IN WORKING THROUGH THE CONCERNS ALREADY SURFACING IN REGARD TO INTERNATIONAL DISTRIBUTION. MANY PEOPLE INVOLVED IN TEFAP DISTRIBUTIONS FEEL THAT DOMESTIC HUNGER SHOULD BE GIVEN EQUAL CONSIDERATION. I'M NOT SAYING NECESSARILY AMERICA FIRST, BUT AMERICA EQUAL TO INTERNATIONAL AID PROGRAMS WILL BE A CRY OF CONCERN ARISING IN THE NEAR FUTURE. THE ADVISORY COUNCIL MAY BE THE FORUM THROUGH WHICH TO CHANNEL ISSUES SUCH AS THIS.

C) I RECOMMEND THAT THE FUTURE COMMODITY DISTRIBUTION PROGRAM CLARIFY THAT IT IS ACCEPTABLE FOR STATES TO HONOR THE CERTIFICATION OF DISTRIBUTING AGENCIES, SUCH AS FOOD PANTRIES AND FOOD BANKS, INSTEAD OF REQUIRING CERTIFICATION OF EACH RECIPIENT. THIS WOULD RECOGNIZE THAT DISTRIBUTING AGENCIES CERTIFY THEIR RECIPIENTS AS A NORMAL PART OF THEIR OPERATION, AND WOULD STREAMLINE ADMINISTRATIVE DOCUMENTATION NATIONALLY.

D) I RECOMMEND THAT THE INFRASTRUCTURE OF DEPENDABLE PUBLIC AND PRIVATE FUND DISTRIBUTION SYSTEMS ALREADY IN PLACE BE FULLY

UTILIZED AND IN A WAY THAT RECOGNIZES PERFORMANCE CAPACITY, DEPENDABILITY, AND SCOPE OF SERVICE.

E) I RECOMMEND THAT STATE DISTRIBUTING AGENCIES BE ENCOURAGED TO CONSIDER THE USE OF FOOD BANKS AS THEY PREPARE THEIR WAREHOUSING AND DISTRIBUTION COST AND EFFECTIVENESS EVALUATIONS FOR USDA'S FOOD AND NUTRITION SERVICE REGIONAL OFFICES IN THE FUTURE. A NON PROFIT WAREHOUSING OPERATION CAN OFTEN PROVIDE THE NECESSARY SERVICES MORE INEXPENSIVELY THAN A COMMERCIAL ARRANGEMENT, OR EVEN A STATE-RUN OPERATION.

F) I RECOMMEND THAT NEW LIFE BE GIVEN TO THE FOOD BANK DEMONSTRATION GRANTS AUTHORIZED BY THE COMMODITY DISTRIBUTION REFORM ACT AND WIC AMENDMENTS OF 1987 THROUGH BOTH THE PURCHASE OF, AND THE RE-DIRECTION OF SURPLUS, SECTION 32 COMMODITIES. THIS WOULD BE ONE MORE WAY TO KEEP THE DEVELOPED DISTRIBUTION NETWORKS ALIVE AND WORKING, AND TO PROVIDE THE NUTRITIONAL PRODUCTS THAT ARE SO IN DEMAND WITH A MINIMUM OF EFFORT.

IN CONCLUSION, IT APPEARS TO ME THAT A VALUABLE SERVICE WILL BE RENDERED TO ALL AMERICANS IF YOU TAKE STEPS TO ASSURE THE THOUGHTFUL ALIGNMENT OF EXISTING DISTRIBUTION SYSTEMS WITH THE

MANAGEMENT OF SURPLUS COMMODITIES. IT IS PROBABLE THAT COMMODITY SURPLUSES WILL BE AS DEFINITE A REALITY IN THE FUTURE AS THEY HAVE BEEN IN THE PAST, AND THAT THE SERVICE THIS NETWORK PROVIDES BY WORKING WITH THE AGRICULTURAL COMMUNITY WILL BE NEEDED. IN CLOSING, I CALL UPON YOU AS A STATESMAN TO PRESERVE THE PURPOSE OF THE COMMODITY DISTRIBUTION REFORM ACT AS STATED IN 1987, NOT SO LONG AGO:

> "TO IMPROVE THE MANNER IN WHICH AGRICULTURAL COMMODITIES ACQUIRED BY THE DEPARTMENT OF AGRICULTURE ARE DISTRIBUTED TO RECIPIENT AGENCIES, THE QUALITY OF THE COMMODITIES THAT ARE DISTRIBUTED, AND THE DEGREE TO WHICH SUCH DISTRIBUTION RESPONDS TO THE NEEDS OF THE RECIPIENT AGENCIES."

THESE ARE SENSIBLE AND WORTHWHILE GOALS.

THANK YOU.

Mary Jo Henny, Arizona Department of Economic Security, November 16, 1989

Testimony to the U.S. House of Representatives, Committee on Agriculture,
Subcommittee on Domestic Marketing, Consumer Relations & Nutrition

I appreciate the opportunity to provide information and recommendations to this committee about the Temporary Emergency Food Assistance Program (TEFAP). My name is Mary Jo Henny and I am the state coordinator for the Arizona TEFAP as well as the TEFAP Chairperson for the National Association of State Agencies for Food Distribution (NASAFD).

The first part of my presentation focuses on the NASAFD position for TEFAP. Your staff has also asked me to tell you about the TEFAP in Arizona, so the second portion of this testimony is devoted to the program in our state.

NASAFD Recommendations for TEFAP

These recommendations and subsequent background information represent input from NASAFD members that are state coordinators of commodity distribution programs throughout the nation. At the October meeting of the NASAFD Board of Directors these recommendations were ratified by the entire Board. The background information provides you with a perspective about the diversity and flexibility of the TEFAP from one state to another. NASAFD recommends the following:

1. Change the name to Surplus Supplemental Food Program

While the Food Stamp Program is the primary federal food assistance program for needy families and individuals, the TEFAP has helped us recognize that the Food Stamp Program does not serve all hunger needs. TEFAP was initially created in 1983 with dual objectives: to reduce federal surplus food stores, and to provide supplemental food to the hungry. As TEFAP goes into its seventh year it is apparent that the program has been extremely successful in achieving both objectives. The amount of federal surplus food stores has been dramatically decreased which has lead to a reduction of food in the TEFAP of more than 60%. Conversely, however, the demand for supplemental food for the needy has increased. As state agencies have worked with distribution sites, such as food banks and food pantries, it has become apparent that these organizations are effective and necessary elements of our nation's food security efforts. Availability of TEFAP product and administrative funds has supplemented these efforts.

2. Supports Three-Year Reauthorization

A reauthorization of this length would permit program continuity and stability as well as some degree of long range planning. Energies could be more effectively spent in program development instead of continually struggling with the tenuous nature of the current programs.

3. Supports Administrative Funding at Current Levels ($50 million)

NASAFD discredits the concept that reduction of product to the program requires less administrative funding. The administrative funding level has not changed since 1983, nor has it ever been sufficient. NASAFD supports maintaining the current requirements that: at least 40% of these funds be passed through to Emergency Feeding Organizations (EFOs), administrative money may be used for distributing non-USDA foods; and state agencies cannot charge indirect costs to TEFAP. NASAFD opposes the eligibility of soup kitchens for the receipt of administrative funds.

4. Commodity Purchases

Due to the low inventories of surplus commodities, NASAFD supports the purchase of food by USDA. This should not be at the expense of any other food program. We stress that any legislation must not create divisiveness among the food and nutrition programs, but must encourage cooperation and coordination. In many states, there is already a close working relationship among hunger programs. Development of this relationship can often be attributed to the TEFAP. For example, in Charleston, S.C., after Hurricane Hugo's destruction, the TEFAP was able to respond with a variety of food for congregate and household meals at a time when grocery stores where closed, thus making food stamps useless. By working with TEFAP recipients, the food stamps were available as soon as stores reopened. These purchased commodities have not only provided more food volume (due to the reduced dairy surplus), but have also provided a better food variety and balance for recipients. States are also better able to respond to emergency needs and the need for supplemental food for food banks.

5. Supports the Emphasis of Public/Private Partnership and Volunteerism

NASAFD recognizes the importance of volunteerism and the infrastructure of private and public food distribution to the needy created and enhanced by the TEFAP program. NASAFD supports piggybacking the program with existing private or public programs, such as food banks or pantries, wherever possible. One of the reasons for TEFAP's success is the tremendous volunteer commitment, especially at the distribution sites. In addition, TEFAP has caused nonprofit and public agencies to evolve as partners in order to provide food security to the hungry. Various businesses have become involved by donating storage, transportation, and other goods and services.

6. Maintain Balance Between Simplicity and Accountability

As already noted, one of the successes of TEFAP has been the use of volunteers, and this factor necessitates that eligibility and reporting demands be kept to a minimum. The flexible program design which allows states to adjust the program to their individual state needs is another positive TEFAP characteristic. NASAFD supports the current accountability requirements and finds these effective in preventing fraud and abuse without over burdening the volunteers or creating a rigid program structure. NASAFD also recommends that TEFAP be exempted from the requirement that state agencies determine, through a study, if commercial warehousing would be more cost effective.

7. Sever the Link Between TEFAP and Soup Kitchens

For the sake of administration, soup kitchens need to be defined, considered and treated as charitable institutions, without cross reference to the TEFAP. In addition, NASAFD recommends that the formula to allocate the purchased food for soup kitchens contain a homeless factor.

In summary, NASAFD is recommending a permanent program with a name that accurately reflects the supplemental nature of the program. Further, NASAFD believes that the TEFAP characteristics of volunteerism, partnerships, and simplicity should be retained along with supplemental purchases and the current level of administrative funding. While NASAFD supports the soup kitchens, it is more appropriate to classify them under the Charitable Institution Program.

THE ARIZONA TEFAP

With the above characteristics in mind, I will now discuss the TEFAP in Arizona and provide specific examples of how TEFAP has been successful. It is important to note that most states have done similar things with the program, and have designed TEFAP creatively and cost effectively.

Arizona's approach to TEFAP has some key elements already discussed - partnership, cooperation, coordination and volunteerism. Through TEFAP, our state agency has developed strong relationships with the food banks, which has resulted in benefitting everyone. We have a statewide food bank network that cooperates in the acquisition and sharing of food coupled with a distribution system that includes but is not limited to TEFAP product. For example each month:

- TEFAP product is loaded on a truck (which was purchased with TEFAP administrative funds and corporate donations and driven by a volunteer) at the food bank warehouse,
- along with product that was donated, gleaned and purchased by the food bank.
- All of the product was stored in the food bank warehouse that has operating costs partially paid for by TEFAP. They also have equipment such as a walk in cooler, pallet racks and fork lifts paid for, in part or totally, by TEFAP.
- The loaded truck goes to 22 different sites in Southern Arizona during a 3 day trip for a total of about 860 miles with TEFAP paying a share of the truck's operating costs.
- The truck, as it goes back to the food bank warehouse, picks up fresh produce from three warehouses (food banks and commercial), retains some of this product for its own use and "drops" the rest of it at southern and northern food banks and pantries.

The net result is an efficient and cost effective system to provide food- regardless of the sources- to the needy.

For Arizona, TEFAP has allowed us to leverage private sector donations and involvement. Frequently local businesses donate such things as storage and distribution space, printing, media announcements and local transportation. In addition, we estimate that ever month more than 1200 volunteers distribute TEFAP product to more than 135,000 needy people (about 45,000 households) and, based on a survey we conducted last spring, 45% of the households are headed by someone over the age of 60 and more than one third of the households have children. For these two vulnerable populations, elderly and children, TEFAP often supplements their food needs. At Arizona TEFAP distribution sites it is not unusual to see volunteers providing information about other programs such as food stamps to recipients. In addition to the USDA commodities, these recipients often receive bread and fresh produce that would otherwise be thrown away.

As a direct and indirect result of the TEFAP, Arizona can cite the many creative accomplishments:

- o the opening of two food bank warehouses in rural areas of Arizona;
- o the appropriation of $130,000 by the state legislature to support the food bank network;
- o the appointment of a statewide Advisory Council on Hunger, which has published a state hunger report;
- o the creation of a statewide transportation network including the use of a mule train to transport product to the Havasupai Indians in the Grand Canyon;
- o the development of intra- and inter-state gleaning programs and food preservation projects;
- o two new food bank warehouses built specifically as food bank facilities (and cited as "models" for the rest of the nation by USDA and Second Harvest);
- o the establishment of a Section on Hunger at our department for the purpose of addressing the issue of hunger and providing coordination and assistance to public and private agencies about hunger and food and nutrition programs; and
- o the purchase of equipment such as freezers, refrigerators, pallet jacks, forklifts, soup kitchen equipment and butane refrigerators for our reservation sites that do not have electricity.

Arizona recognizes and values the TEFAP and we are proud of the public/private partnership/private partnership which has become far more than just a cliche. We urge the Committee to build on the TEFAP success as many states already have, and reauthorize a permanent program, protect the administrative funding and, with some of the cost savings realized by USDA through the reduced product acquisition, storage, and transportation expenses, support all of the food programs in this nation.

Arizona not only agrees with the NASAFD position, but also requests food purchases for the program at a level of $200 million. I especially want to emphasize that any legislation must promote the cooperation among all food and nutrition programs and not create dissention.

Finally I want to share with you a few experiences I have had at TEFAP distribution sites:

- o Elderly people thanking me for the food and saying how much it meant to them (usually about $10);
- o Children who, as soon as they get outside with their mother, sit down and begin eating whatever was provided to them.
- o One child that ran outside shouting "Daddy, look we got some food. Now we can eat again.";
- o A young mother was picking up commodities, who had a baby and a little boy who about two years old. The two year old was crying and when a volunteer picked him up, the mother apologized for his behavior. Then the mother said, "But you see, it's really not his fault. He hasn't eaten since yesterday and he's hungry." This was in downtown Phoenix and it was noontime.

TESTIMONY

National Association of Meal Programs

For: The House Agriculture Committee Domestic Marketing, Consumer Relations and Nutrition Subcommittee.

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Date: November 16, 1989

TESTIMONY

FOR

NATIONAL ASSOCIATION OF MEAL PROGRAMS

The National Association of Meal Programs was founded here in Washington, D. C. in 1971. We represent over 600 operators of senior meals programs throughout the nation. All of our members provide home delivered meals and 58% of our members provide both home delivered meals and meals served in congregate settings.

Within our membership, we have two categories of members who I will refer to as Group 1 and Group 2 respectively.

In Group 1 we have members who serve either congregate and home delivered meals or home delivered meals only and who receive the 56.75 cents per meal in USDA commodity or cash in lieu of commodities assistance.

We would point out to the Subcommittee that this 56.75 cents is not now a permanent entitlement. We think it needs to be one. It should be indexed based on the cost of food away from home in the same manner as the school lunch commodity entitlement is handled.

In Group 2 we have members who are non-profit private programs serving home delivered meals. These members do not receive the USDA commodity or cash in lieu of commodities assistance. As non-profits they should be eligible to receive commodities as charitable institutions. But we need a state commodity agreement to get these commodities. Those are very difficult to come by.

NAMP members serve 74 million meals a year. Taking the most recent Administration On Aging numbers for all senior meals served as 222 million, that would mean that NAMP members provide 33.33% of all the senior meals served each year. We wish we had those percentages. The fact is, we know we do not.

The Subcommittee should be aware that the Administration on Aging statistics deal only with Group 1 senior meal programs. They completely ignore Group 2 programs.

NAMP estimates that there are over 400 million meals provided each year to eligible seniors either in congregate settings or through home delivery. This means that AOA numbers recognize only 55.50 percent of the meals served nationally. That also means that there are 178 million meals a year which are not recognized in federal senior meal counts.

The average senior meal program providing both congregate and home delivered meals serves 540 meals per day 260 days per year. That is more meals every day than 41% of the school lunch programs in the United States. For programs serving home delivered meals the average number of meals delivered every day is 376 and these meals are delivered 264 days a year. That is more than 30% of the school lunch programs in the United States.

An important factor to note is senior meals programs serve 260 days a year not the 175-180 days a year that school lunch programs run. That is eighty serving days more every year than school lunch programs (44% more).

Our research indicates that there are 15,800 public school districts in the United States and that they serve 23.4 million meal pattern lunches every day. We know that the 1800 large systems in the country serve 70% of those meals. That means that the remaining districts serve just over 7 million meals per day and that the average number of meals served by the 88.61 percent of school districts is 501 per day...very close to the senior meal average.

We make this comparison because we find that our friends in USDA and in the states handling commodities buy for the big guys and not for the small schools, senior meals programs, and other eligible agencies.

The Subcommittee should be aware that, counting only the 222 million meals that AOA recognizes, that group could use $126 million a year in donated commodities bought by USDA at the rate of $.5675 per meal. If we add to that the additional 178 million meals and assume that this group is only going to use the charitable institution commodities at say 10 cents per meal, that would add about $18 million in commodities.

We estimate the current "market" for donated commodities for senior feeding is $144 million dollars. And, we would remind the Subcommittee that this "commodity potential market" is growing at the rate of 10-12% a year in meals served.

The Subcommittee should be aware that senior meals program commodities could increase the present dollars spent on USDA commodities by 20%.

WHY DON"T SENIOR MEALS PROGRAMS TAKE COMMODITIES AND INSTEAD OPT FOR CASH IN LIEU OF COMMODITIES?

First, we know that we won't get commodities we can use in a form suitable for our needs. Second, we don't want some of the school commodities. Third, we cannot take the volume of commodities that the states want us to take at one time and we don't have the warehousing and staff to handle storage. One delivery a month is not suitable for us. We need more frequent deliveries and we know many of our smaller school friends would prefer the same type of arrangement. If the states used our normal commercial distributors to warehouse and deliver the commodities we could get more frequent commodity deliveries with our normal orders which are delivered at minimum once a week.

We have difficulty picking up our commodities at state warehouses because they tend to be too far away and we don't have a truck we can just send over. According to a 1988 USDA study, those school systems which picked up commodities at a central warehouse, averaged 41 trips a school year at an average round trip distance of 40 miles. Then there were the internal distribution transportation costs which were an additional 104 trips a year. That is more than one trip every other day during the school year at an average distance per trip of an additional 40 miles.

Senior Meals Programs would be for comparison's sake "charitable institutions." This same USDA report says that charitable institutions picked up commodities an average of 20 times a year with an average trip distance of 86 miles. That is half the trips schools made and twice the distance. There is a very real cost associated with this, a cost which would be reduced with another distribution system.

The USDA is making a strong move to get the states to use commercial channels of trade to warehouse and deliver donated foods where it makes dollars and cents. We applaud that effort which as you know is being made in response to the USDA Commodity Improvement Law passed by the Congress two years ago.

What really scares those of us in the senior meals program is such things as the cost summary which was also contained in the 1988 report referenced above. Talking about 101 school districts in the study, the report shows that for 1985-86 the USDA's procurement costs for commodities for school lunches was 14.6 cents a meal while recipient agency expenses (that's us) were 18.4 cents per meal. We just cannot afford those kinds of costs for "free" food.

USDA also has a rule, not authorized by the Congress, that says, for those of our members who have chosen 56.75 cents per meal in commodities, they cannot get USDA bonus commodities in bulk unless a state converts 20% of that cash in lieu to commodities. That approach was so unsuccessful that USDA is now allowing portions of a state to opt for some commodities rather than cash in lieu. The results of this USDA rule were supposed to be a nice subtle nudge for senior meals programs to use bulk donated commodities. It has not happened for two reasons:

1. USDA does not supply bulk commodities we can use without a great deal of labor and extra effort; and,

2. The bonus commodities such as cheese and beef which were the "carrot" are not there anymore.

NAMP believes that the Congress should direct USDA to eliminate this administrative rule and sell the commodity program on its merits rather than with a stick.

PROCESSING OF USDA COMMODITIES

What is commodity processing? This is the process through which a company either enters into an agreement with USDA (NCP), a state (State Processing), or local agency to take in USDA donated commodities in bulk form and make those bulk commodities into a finished product. The processor then sells that finished product to eligible customers at a reduced price. The price reduction is equal to the value of the donated commodity in the finished product. The value of the USDA commodity is set by the USDA and is based on the Department's purchase price for the item.

Once processed into finished products, these products are delivered to recipient agencies by wholesale distributors in most instances with normal commercial product orders.

Why is processing good for recipient agencies? It allows for flexibility in the use of the bulk commodities to get those products which can be used in meals.

Why is processing good for USDA and the farmer? It allows the USDA to buy bulk commodities rather than finished products. This means more farm commodity pounds. The recipient agencies pay for the conversion of the raw commodities into the finished products they need and want.

What is the present donated commodity processing situation?

A. State Processing

During the height of state donated commodity processing in 1985-86 there were 10 states which had no processing agreements for any recipient agencies whether schools, senior meals programs, or other recipient agencies (20%). Another 13 states had one to four processing agreements, basically for pizza and chicken for schools only. Then there were an additional 4 states with between five and nine processing agreements, again for schools only. What this means is that 54% of the states had very few processing agreements when processing was at its highest point and so was donated commodity availability. And... the agreements they had were for limited products and limited commodities for schools only.

The products produced under these agreements are school products. We in the senior network need 3 ounce portions of meat and chicken not the 2 ounce portions schools need.

The facts are that even in states where there is processing of donated commodities on a wide scale, senior meals programs and a variety of other non-profit food service agencies are not allowed to participate by the states. It is a schools-only program.

Even if we could participate it would be difficult because individually our volume of commodities in a particular state probably is not big enough to warrant a special contract and all the details that would be necessary for a processor to comply with regulations, bonding and individual state practices and procedures. What we need is a way to become a buying group across state lines. Without access to processing, the use of donated commodities by other than schools will continue to be limited.

B. NCP (National Commodity Processing)

First, all senior meal programs are eligible for the NCP program as well as just about every non-profit foodservice operation in the nation. That means we can benefit from commodities. We also don't require that USDA buy special commodities for senior meals programs. Industry is not blind. They see us and other agencies as a market for their commodity products and they make what we need as well as what the schools need. NCP is a giant national co-op buying group. USDA helps us get good prices for good products and provides the flexibility for processors to meet our needs and thus help move more bulk donated commodities.

Under the NCP Program, the USDA's Food and Nutrition Service enters directly into agreements with processors to convert specific bonus commodities into a variety of finished end products. Which end products are determined by the processors based on market research and customer needs.

The commodities available now under NCP are legislated price support commodities held in storage for USDA by the Commodity Credit Corporation. The commodities available through the NCP Program are specifically designated by the Secretary of Agriculture.

Processors holding NCP agreements may sell approved end products at reduced prices to any registered recipient agency. The reduced prices reflect the value of the USDA commodity contained in the finished product sold. Processors must ensure that the commodity value is passed on to the recipient agency as a discount in the normal commercial price or as a refund from the processor after purchase.

Participating processors must provide FNS with a bond or letter of credit to cover the value of commodity inventories and report sales and inventory balances to FNS on a monthly basis. Each recipient agency has an NCP ID number. Only those agencies with NCP numbers can participate.

The Inspector General and the General Accounting Office both have praised the NCP program for its accountability.

One problem with NCP is that the word has been slow to get out. NAMP has been working to get that word to our members but we need some USDA help to do more.

We also need some help from USDA in another area. Many states do not allow Senior Meals Programs to participate in NCP because they won't give us a state commodity agreement. They reason that, because we are small users of commodities compared to the big school districts, servicing us is difficult and perhaps too costly. If we cannot get a commodity agreement from our state, we cannot qualify for the NCP program because part of the application form asks for the date of our last state commodity agreement number. It's a catch 22 situation.

A copy of the USDA NCP signup form is attached to our testimony for your reference.

We know that some states have commodity program agreements that specify NCP only. We think those types of state agreements should be available everywhere. That would be a real help not only to senior meals programs but also to a wide variety of other non-profit agencies as well. Another alternative would be to have USDA accept a Federal tax exempt number as proof of eligibility for NCP.

Mr. Chairman, I have included as an attachment to our testimony the listing of companies which have National Donated Commodity Processing Contracts with the USDA now and the products they produce. We need the NCP Program in the senior meals network because it lets us use commodities and helps us save money on food. We urge the Subcommittee not just to extend the NCP Program but also to expand that program.

Let's take a look at expanding NCP. Don't you think there would be more senior meals programs, non-profit hospitals, non-profit nursing homes and correctional facilities that would use figs if we could get them as fig bars. More schools would use the figs too.

Don't you think that many senior meals programs would take commodities over cash if we could get beef or chicken in a form we could use through donated commodity processing. It makes dollars and cents to us. Why pay 38 cents for a 3 ounce fully-cooked beef patty when we could get a commodity beef product for 11 cents. Why incur $2.50 per loaf in labor and handling costs for a 1.5 lb. loaf of bread when one can be bought for 70 cents under the NCP program.

We understand that the states have to serve their school customers. We question however whether the states in many cases can adequately service even that category of commodity users. We think a lot of our smaller school friends, that 88% who serve the same number of meals we do, might like our expanded NCP idea.

Remember over 54% (27) states have very few if any processing contracts for schools. Doesn't it make sense for a national processing program working in tandem with the states to provide economies of scale, reduced paperwork, uniform accountability, and wider product availability.

We believe that such a system frees USDA to support commodity prices and remove surpluses of bulk commodities without the need for the Department to be all knowing and decide in Washington, D.C. what form we need the commodities to come in.

I have attached to our testimony three graphics which depict where the NCP registered recipient agencies are and where by state the benefits of NCP are going.

USDA has created the framework for a National Donated Commodity Program based on bonus commodities. We urge that the Congress extend that program and direct the Department to look for ways of using that program to expand commodity utilization to all categories of eligible recipient agencies...especially senior meals programs.

In summary, we suggest that the Subcommittee:

1. Repeal the 20% rule for bonus commodities;
2. Urge USDA to tell the states to provide commodity agreements to senior meal programs whether they take bulk commodities or not or allow a Federal tax exempt ID number to serve as the NCP qualifier;
3. Urge USDA to look to ways of including senior meals in commodities warehousing and distribution systems rather than excluding us;

4. Urge USDA to buy some commodities suitable for senior meals use;

5. Make the 56.75 cents per meal in cash or commodities an entitlement and index that entitlement in the same manner as for the school lunch program;

6. Extend and expand the USDA National Commodity Processing Program (NCP).

We thank the Subcommittee for the opportunity of testifying today. We stand ready to work with the subcommittee and USDA to support our nation's farmers and better serve senior meal programs.

(Attachments follow:)

Dear Recipient Agency:

This card will serve to introduce you to the National Commodity Processing (NCP) System operated by the U.S. Department of Agriculture (USDA) Food and Nutrition Service (FNS). Under NCP, FNS enters into agreements directly with processors so that USDA surplus food can be processed into more desirable and usable end products. Processors in turn, sell these end products at a price reduced/discounted by the value of the surplus foods contained in them. Surplus foods in NCP are currently limited to bonus dairy products and honey. The program is intended to supplement the State's processing program.

FNS will supply each processor with a list of recipient agencies eligible to purchase processed items. To participate, you must have an approved agreement with the State Distributing Agency to receive donated foods under the direct distribution program. Also, you must register on the attached post card and return it to FNS as soon as possible.

Once your card has been accepted into the Automated Data Processing (ADP) System, you will receive a letter authorizing you to participate in the NCP System. The letter will contain your 9-digit recipient agency code number. The processor will use this number to report sales to your agency. Your agency's name will be added to the list given to processors.

A school food authority may complete one card for purchases it will make for all schools under its jurisdiction or the school food authority may have each school register on a card, if consistent with normal purchasing practices. Schools may participate in NCP under only one of these arrangements.

Thank you for your cooperation.

Sincerely,

THE FOOD AND NUTRITION SERVICE

THIS IS TO ALERT ALL INTERESTED PARTIES THAT ANY FALSE INFORMATION CONTAINED ON THIS CARD MAY SUBJECT THE AFFECTED PARTY TO CRIMINAL PROSECUTION.

FROM: ______________________

____

____

PLACE
STAMP
HERE

FOOD AND NUTRITION SERVICE USDA
SPECIAL OPERATIONS BRANCH
NUTRITION AND TECHNICAL SERVICES DIVISION
3101 PARK CENTER DRIVE
ALEXANDRIA VA 22302

Attachment 1

NATIONAL COMMODITY PROCESSING (NCP) PROGRAM

1989-90
Contract Year

Figure 1 - "Hear, ye! Hear,ye! Spread the word. The NCP Program is off and running for 1989-90. Here's the list of processors."

NCP PROCESSOR LIST

United States Department of Agriculture
Food and Nutrition Service
Nutrition and Technical Services Division
Special Operations Branch
National Commodity Processing Section
Telephone #: (703)-756-3888

NATIONAL COMMODITY PROCESSING (NCP) PROCESSOR LIST
1989-90 CONTRACT YEAR

09/13/89

NAME,ADDRESS CONTACT,PHONE	DATE APPROVED	COMMODITIES USED	SYSTEM FOR VALUE RETURN	END PRODUCTS PRODUCED	REGION SERVED
AWREY BAKERIES, INC. 12301 FARMINGTON ROAD LIVONIA, MI 48150 HOWARD HOLLISTER 800-521-6396	07/27/89	BUTTER	DISCOUNT REFUND	CROISSANTS, BISCUITS MUFFINS ROLLS	NATIONAL
BETTER BAKED PIZZA 115 WEST COLLEGE DRIVE MARSHALL, MN 56258 LIL SCHROEDER 507-532-3274	07/31/89	FLOUR	REFUND DISCOUNT HYBRID	PIZZA LASAGNA PIZZA CRUST	NATIONAL
BORDEN PASTA FOODSERVICE 428 NORTH FIRST STREET MINNEAPOLIS, MN 55401 KERMIT KALLEBERG 612-333-4281	07/31/89	FLOUR	REFUND	PASTA	MID-ATLANTIC NORTHEAST
BRIDGFORD FOODS CORP. 9001 CHANCELLOR ROW DALLAS, TX 75247 DEBRA DE ALCUAZ 214-631-7970	08/31/89	FLOUR	REFUND	BAKERY ROLLS BISCUITS FROZEN ROLL DOUGH	NATIONAL
CAMPBELL TAGGART 6211 LEMMON AVENUE DALLAS, TX 75266 JERRY COLLINS 214-416-4385	07/31/89	FLOUR	DISCOUNT REFUND	BREAD, BISCUITS BUNS	NATIONAL
CLOVERVALE FOODS, INC. 226 CONNECTICUT AVENUE LORAIN, OH 44052 SUZANNE RICE 216-288-0146	07/25/89	BUTTER	DISCOUNT REFUND	PIES, PUDDINGS SANDWICHES MACARONI & CHEESE	NATIONAL
DUNKIRK ICE CREAM COMPANY P.O. BOX 1318 DUNKIRK, NY 14048 BILL WELLS 716-366-5400	07/31/89	BUTTER OIL	REFUND DISCOUNT HYBRID	ICE CREAM	NORTHEAST
FLORENCE PASTA & CHEESE 115 WEST COLLEGE DRIVE MARSHALL, MN 56258 CATHY NOVOTNY 507-532-3274	07/31/89	FLOUR	REFUND DISCOUNT HYBRID	PASTA, RAVIOLI MANICOTTI,	MID-ATLANTIC WESTERN
GOLDEN DIPT/DCA FOODSERVICE 12813 FLUSHING MEADOW RD. ST. LOUIS, MO 63131 RICHARD NURNI 314-821-3113	08/01/89	FLOUR	DISCOUNT REFUND	MUFFIN MIXES CAKE MIXES DONUTS	NATIONAL

NATIONAL COMMODITY PROCESSING (NCP) PROCESSOR LIST
1989-90 CONTRACT YEAR

09/13/89

NAME, ADDRESS CONTACT, PHONE	DATE APPROVED	COMMODITIES USED	SYSTEM FOR VALUE RETURN	END PRODUCTS PRODUCED	REGION SERVED
GOOCH FOODS, INC. 510 SOUTH STREET LINCOLN, NE 68501 KIRK SCHMIDT 402-477-4426	07/27/89	FLOUR	REFUND	PASTA, SPAGHETTI, EGG NOODLES MACARONI	MOUNTAIN PLAINS MIDWEST
GRECIAN DELIGHT FOODS, INC. 10600 W. HIGGINS ROSEMONT, IL 60018 PAUL EMERY 800-621-4387	07/31/89	FLOUR	DISCOUNT REFUND	PITA BREAD	NATIONAL
GREEN'S DAIRY, INC. 201 N. HIGHLAND AVENUE YORK, PA 17405 KATHY KOHLER 717-843-9891	06/30/89	BUTTER	DISCOUNT HYBRID REFUND	ICE CREAM SOFT SERVE ICE CREAM MIXES	MID-ATLANTIC
HADLEY FARMS 47 S. MAIN STREET SMITHSBURG, MD 21783 FRANK DEHAAN 301-824-3392	07/31/89	FLOUR BUTTER	DISCOUNT REFUND	CROISSANTS DANISH BISCUITS	NATIONAL
HERSHEY PASTA GROUP ONE E. CHOCOLATE AVE. HERSHEY, PA 17033 STEPHANIE WOLF 717-534-5570	08/09/89	FLOUR	REFUND DISCOUNT	SPAGHETTI MACARONI EGG NOODLES	NATIONAL
INMAN CREAM COMPANY 575 FIFTH STREET MACON, GA 31208 RICHARD INMAN 912-745-5491	PENDING	BUTTER	DISCOUNT REFUND HYBRID	ICE CREAM SOFT SERVE ICE CREAM YOGURT CUPS	SOUTHEAST
INTERSTATE BRANDS CORP. 12 ARMOUR BOULEVARD KANSAS CITY, MO 64141 DAVE WISEMAN 816-561-6600	08/31/89	FLOUR	REFUND DISCOUNT	BISCUITS SANDWICHES ROLLS, BUNS	SOUTHEAST
ITALIAN WAY, INC. P.O. BOX 1481 W. JEFFERSON, NC 28624 GENO CORBISIERO 919-246-5289	PENDING	FLOUR		PIZZA POCKET SANDWICHES	
J&J SNACK FOODS CORP. 6000 CENTRAL HIGHWAY PENNSAUKEN, NJ 08109 NANCY CLARK 609-665-9533	07/20/89	FLOUR	DISCOUNT REFUND	PRETZELS	MID-ATLANTIC NORTHEAST

NATIONAL COMMODITY PROCESSING (NCP) PROCESSOR LIST 09/13/89
1989-90 CONTRACT YEAR

NAME, ADDRESS CONTACT, PHONE	DATE APPROVED	COMMODITIES USED	SYSTEM FOR VALUE RETURN	END PRODUCTS PRODUCED	REGION SERVED
KANSAS FOOD PACKERS 608 BURTON AVENUE WICHITA, KS 67213 GEORGE S. CONLNIA 316-265-6141	07/27/89	BUTTER OIL	DISCOUNT REFUND HYBRID	MILKSHAKE MIX	NATIONAL
KEEBLER COMPANY ONE HOLLOW TREE LANE ELMHURST, IL 60126 FRED G. WHITSON 312-833-2900	07/31/89	FLOUR	DISCOUNT REFUND	COOKIES, CRACKERS, PRETZELS BREAD STICKS	NATIONAL
LANCE, INC. P.O. BOX 32368 CHARLOTTE, NC 28232 J.S. MOORE 704-554-1421	07/31/89	FLOUR	DISCOUNT	COOKIES CRACKERS CRACKER MEAL	NATIONAL
MOSER FARMS DAIRY, INC. 58 WEST ROAD ELLINGTON, CT 06029 BENEDICT MOSER 203-872-8346	PENDING	BUTTER	REFUND	BREEZE SHAKES	NATIONAL
NABISCO BRANDS, INC. P.O. BOX 312 PARSIPPANY, NJ 07054 GARY MUNSCH 201-682-6926	07/31/89	FLOUR	REFUND	CRACKERS COOKIES	NATIONAL
NAFZIGER ICE CREAM COMPANY 1-22360-F ARCHBOLD, OH 43502 STEVE NAFZIGER 419-446-2536	07/31/89	BUTTER	DISCOUNT HYBRID	ICE CREAM MILKSHAKES MILKSHAKE MIX	MIDWEST
NARDONE BROTHERS BAKING CO. 123 HAZLE AVENUE WILKES BARRE, PA 18702 JOHN F. NARDONE 717-823-0141	07/25/89	FLOUR	DISCOUNT	PIZZA PIZZA SHELLS PIZZA BREAD	MID-ATLANTIC NORTHEAST
PENN DAIRIES, INC. P.O. BOX 7007, 1801 HEMPSTEAD LANCASTER, PA 17604 MICHAEL R. BARR 717-394-5601	08/31/89	BUTTER	DISCOUNT REFUND HYBRID	ICE CREAM	NATIONAL
PIONEER FLOUR MILLS P.O. BOX 118 SAN ANTONIO, TX 78291 GENE KELLNER 512-227-1401	08/01/89	FLOUR	REFUND	BISCUIT, CORN, ROLL, PANCAKE, MUFFIN, BROWNIE MIXES, GRAVY	NATIONAL

NATIONAL COMMODITY PROCESSING (NCP) PROCESSOR LIST
1989-90 CONTRACT YEAR

09/13/89

NAME, ADDRESS CONTACT, PHONE	DATE APPROVED	COMMODITIES USED	SYSTEM FOR VALUE RETURN	END PRODUCTS PRODUCED	REGION SERVED
QUEENSBORO FARMS 156-02 LIBERTY AVENUE JAMAICA, NY 11433 LEWIS MILLER 718-658-5000	07/31/89	BUTTER	HYBRID REFUND	MILKSHAKES	NATIONAL
READI-BAKE, INC. 301 28TH STREET, S.E. GRAND RAPIDS, MI 49510 LINDA NOTARO 616-246-1540	07/14/89	FLOUR BUTTER	REFUND DISCOUNT	COOKIES BISCUIT DOUGH SWEET ROLLS	MIDWEST, NORTHEAST MID-ATLANTIC
RICH PRODUCTS CORPORATION 1150 NIAGARA STREET BUFFALO, NY 14240 JAMES D. SCHAEFER 716-878-8000	07/17/89	FLOUR BUTTER	REFUND	DONUTS, MILK SHAKES BAKERY & PIZZA DOUGH PUFF PASTERIES	NATIONAL
RICH SEAPAK CORPORATION P. O. BOX 667 ST. SIMONS ISLAND, GA 31522 JACK KILGORE 912-638-5000	07/31/89	FLOUR CORN MEAL	DISCOUNT REFUND	HUSH PUPPIES VEGETABLES STICKS ONION RINGS	NATIONAL
RONEY ICE CREAM COMPANY 735 PRAIRIE STREET AURORA, IL 60506 MIKE THUROW 312-859-2800	08/31/89	BUTTER	DISCOUNT REFUND	MILKSHAKES SHAKE MIX ICE CREAM	MIDWEST
SABATASSO, FOODS, INC. 115 WEST COLLEGE DRIVE MARSHALL, MN 56258 LIL SCHROEDER 507-532-9523	07/31/89	FLOUR	DISCOUNT REFUND HYBRID	PIZZA	NATIONAL
SUNSHINE BISCUITS, INC. 100 WOODBRIDGE CENTER DRIVE WOODBRIDGE, NJ 07095 DONNA MORANDI 201-855-4013	07/31/89	FLOUR	REFUND DISCOUNT	CRACKERS COOKIES BREAD	NATIONAL
SWEET INDUSTRIES 136 ROUTE 46 EAST LODI, NJ 07644 FRANK MASIERO 201-471-2402	07/31/89	BUTTER FLOUR	DISCOUNT REFUND HYBRID	CROISSANTS SANDWICHES CROISSANTS BUTTERMILK BISCUITS	NATIONAL
THE BAGEL SHOPPE, INC. 11406 REISTERSTOWN ROAD OWINGS MILLS, MD 21117 S. PAUL STRAUSS 301-363-8797	08/31/89	FLOUR	REFUND DISCOUNT HYBRID	BAGELS	MID-ATLANTIC

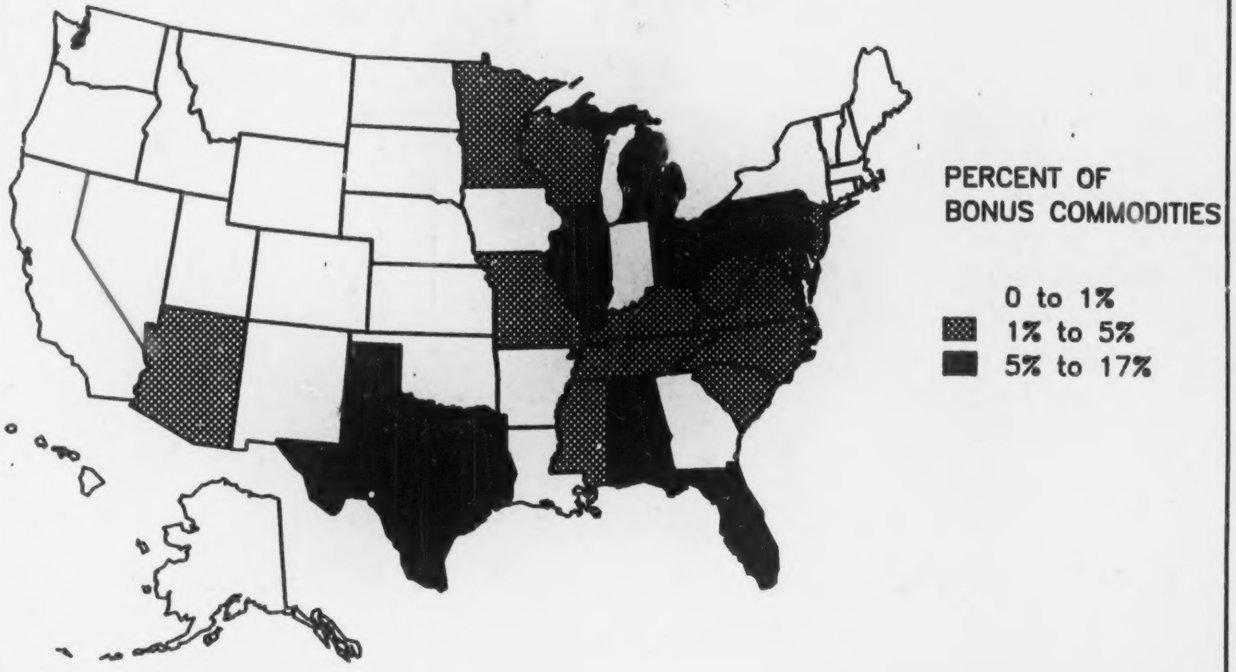
NATIONAL COMMODITY PROCESSING (NCP) PROCESSOR LIST
1989-90 CONTRACT YEAR

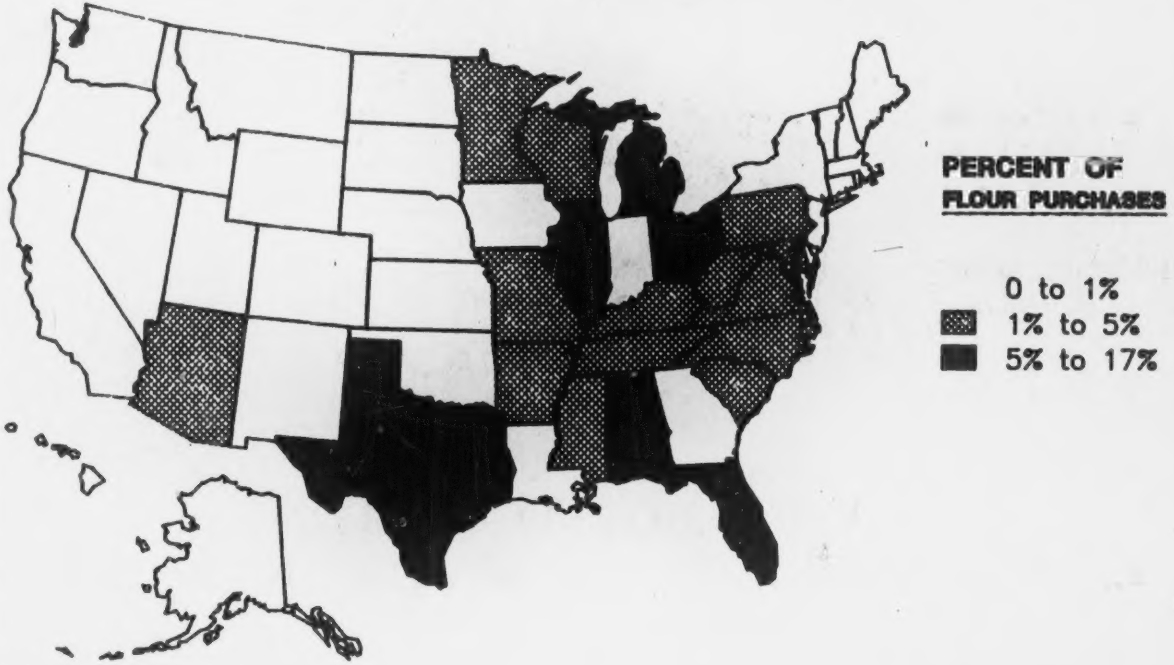
09/13/89

NAME,ADDRESS CONTACT,PHONE	DATE APPROVED	COMMODITIES USED	SYSTEM FOR VALUE RETURN	END PRODUCTS PRODUCED	REGION SERVED
TONY'S FOOD SERVICE DIVISION 115 W. COLLEGE DRIVE MARSHALL, MN 56258 CATHY NOVOTNY 507-532-9523	07/31/89	FLOUR	DISCOUNT REFUND HYBRID	PIZZA	NATIONAL

NCP PROGRAM

PERCENT OF TOTAL POUNDS PURCHASED BY STATE
1988-89 AGREEMENT YEAR

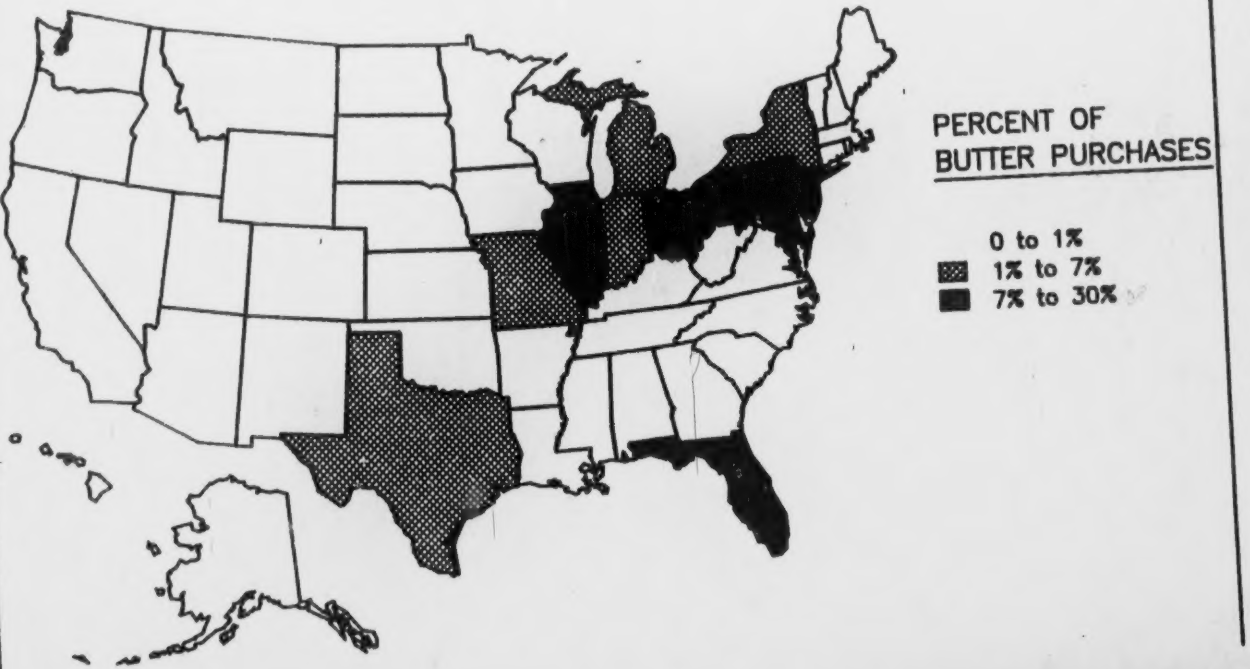

PERCENT OF
BONUS COMMODITIES
0 to 1%
▨ 1% to 5%
■ 5% to 17%



NCP PROGRAM
PERCENT OF NATIONAL FLOUR PURCHASED BY STATE
1988-89 AGREEMENT YEAR

PERCENT OF FLOUR PURCHASES
0 to 1%
▨ 1% to 5%
■ 5% to 17%

NATIONAL COMMODITY PROCESSING
PERCENT OF NATIONAL BUTTER PURCHASED BY STATE
1988-89 AGREEMENT YEAR


PERCENT OF
BUTTER PURCHASES
0 to 1%
▨ 1% to 7%
■ 7% to 30%

TESTIMONY

BEFORE THE SUBCOMMITTEE ON DOMESTIC MARKETING, CONSUMER RELATIONS, AND NUTRITION, COMMITTEE ON AGRICULTURE U.S. HOUSE OF REPRESENTATIVES

National Frozen Pizza Institute

Mr. Chairman, members of the Committee, my name is John W. Bode. I am a partner in the Washington law firm of Olsson, Frank and Weeda, P.C. I am honored to appear before you on behalf of the National Frozen Pizza Institute. The Institute is a very specialized trade association specifically representing frozen pizza processors and firms supplying a product or service to those processors. Processor members account for over 90 percent of the U.S. production of frozen pizza. Areas in which the Institute's Board of Directors and committees are heavily involved include matters relating to USDA and FDA product standard and labeling requirements, as well as the USDA commodity distribution programs.

The frozen pizza industry has annual sales in this country of over $1 billion. Of that amount, $150 million is consumed in schools and charitable institutions. The popularity of frozen pizza in the National School Lunch Program is due to a number of factors. Frozen pizza offers schools good control of portion size, savings in labor costs due to ease of preparation and serving. Pizza typically meets at least two of the five meal pattern requirements (bread and meat/meat alternate) and most importantly, the nutrition offered by pizza is nutrition to which children are receptive. American students like pizza, they eat it and, as a result, pizza is the number one entree in the National School Lunch Program.

Due to the prevalence of pizza in the school lunches and the prominence of USDA commodities, such as cheese and flour, in pizza making, the National Frozen Pizza Institute represents a segment of industry that is probably more heavily involved in commodity issues than any other. The frozen pizza industry is supportive of commodity purchase and distribution activities and proud to be part of the system that enables the program to assist America's farmers and school children.

Thanks to all involved, particularly the leadership of this Committee as reflected in the Commodity Improvement Act of 1987, the commodity purchase and distribution program is working better than ever before. We appreciate the efforts of this Committee and others in Congress, the American School Food Service Association and the hard working public servants of the Food and Nutrition Service, Agricultural Stabilization and Conservation Service and the Agricultural Marketing Service. Due to the cooperation and dedication of these and others involved with commodity purchase and distribution, it is a sound program that efficiently benefits both the farmers and school children of America.

Those efforts have yielded major improvements in the operations of the commodity program. Communications between commodity recipients, the Department of Agriculture and commodity groups have shown marked improvement. There is also an improved responsiveness on the part of the Department to the needs of recipient agencies. Through the expansion of commodity processing, fundamental structural improvements have been made in the operation of the program. However, in addition to these very positive developments, the commodity program and its recipient agencies have experienced considerable pain associated with the loss of around $200 million a year in bonus commodities. This loss of cheese, and other commodities has had a significant negative effect on the financial situation of schools all across the country. That effect can be seen in the reductions of federal commodity support, increases in local school lunch prices, the reduction in school lunch participation, or by simply talking with local school food service directors. By every measure, very real financial exigencies are now being faced by school food service operators as they struggle to improve nutritional quality while providing palatable, affordable lunches.

Just as the commodity purchase and distribution program has provided financial relief to schools in the past, it can ease the present financial pinch for schools and charitable institutions. No radical redirection of commodity program improvement efforts is needed, we should simply continue the sort of changes that have improved the commodity distribution program in recent years. Permit me to provide a couple of examples.

When the Department of Agriculture returned flour to the list of bonus commodities in the 1985-86 school year, it adopted an unprecedented policy of restrictions for access to that bonus flour. USDA specified that bonus flour would be available only to those states ordering a given level of flour as an entitlement commodity. This threshold of entitlement commodity flour was based on historical use. Unfortunately, this year, 15 states, including California, have indicated they will not be able to meet the entitlement threshold to be eligible for bonus flour. Therefore, schools in those states will not receive bonus flour and will be excluded from receiving National Commodity Processing Program flour products. At a time when schools are experiencing significant financial pressures, we feel these restrictions should be abolished.

Major improvements have been made in the responsiveness to recipient agency needs in the commodity program. Yet, some basic additional improvements are still needed. For example, the Department of Agriculture has been paying an 8.5 cents per pound premium for processed cheese in five pound blocks relative to the price it pays for cheddar cheese in bulk form. Of course, the former is most suitable for uses such as the Commodity Supplemental Food Program. Bulk cheddar cheese is most suitable for processing into products like pizza. Except for some mozzarella cheese purchases, USDA cheese acquisitions under the Dairy Price Support Program are made with complete disregard for the preferences of recipient agencies, the higher cost of processed cheese, and the fact that processed cheese contains approximately one-third more sodium than cheddar cheese. The Commodity Credit Corporation simply buys whatever cheese is offered at the published prices for cheese in various forms. As a result, last fiscal year, USDA purchased no low-cost barrel cheese. Over half of all cheese purchases were processed cheese.

Obviously, the National Frozen Pizza Institute would prefer that Commodity Credit Corporation expenses be curtailed through the purchase of lower sodium, bulk cheddar cheese than the indiscriminate purchase of processed cheese blocks. However, we recognize that there are legitimate processed cheese preferences, such as the Commodity Supplemental Food Program. So, in light of nutritional attributes and costs, processed cheese purchases should be limited to the minimum amount required to meet identified program needs. Such an approach would save federal dollars and improve nutrition.

Growth in commodity processing has enabled recipient institutions to receive commodity donations in precisely the form that they find most usable. Schools frequently find that it is far more economical for them to receive commodities processed into an oven-ready menu item than to dedicate the required personnel time to prepare the product locally.

The National Commodity Processing Program is efficiently providing commodities to schools in the end product most desired by each individual school. National Commodity

Processing has eliminated much product handling and paperwork, bringing new products and greater efficiency to the School Lunch Program. The National Commodity Processing Program has been a great success in every respect but one. It has been so successful in processing the important bonus commodities that some states have reduced their efforts to process entitlement commodities. The schools and American agriculture would be well served by increased commodity processing that is free from unjustified idiosyncrasies in state processing programs. All states should offer processing of entitlement commodities in a program that is uniform across state lines so that schools may benefit from the broadest possible competition, and marketplace efficiencies may be realized.

Though a marked increase in commodity processing would assist all schools and charitable institutions, there should be no doubt that small rural schools would benefit most. They lack the capability of larger urban school districts to independently contract for processing of their commodities. Small schools with their limited labor forces have a greater need for commodity processing and a much lower capability to independently contract for processing. Therefore, we respectfully recommend that a strong nationwide system that encourages competition in commodity processing be required by the 1990 Farm Bill.

Some of the matters I have mentioned, and others that could easily be brought forward, do not require legislative action. In fact, there exist clear opportunities to provide strong and immediate relief to the financially pressed schools. Since these options are administrative and tend to be very technical, we respectfully request that the Committee ask USDA to review opportunities to provide such relief and report to the Committee on its conclusions. Such a review could produce a modest package of technical changes in program operations that would provide meaningful assistance to financially pressed schools and charitable institutions. Of course, we would be pleased to assist by providing suggestions to the Department.

I appreciate this opportunity to present the views of NFPI to the Committee and would be pleased to answer any questions.

FOOD STAMP PROGRAM AND COMMODITY DISTRIBUTION PROGRAMS IN THE 1990 FARM BILL

FRIDAY, DECEMBER 1, 1989

House of Representatives,
Subcommittee on Domestic Marketing,
Consumer Relations, and Nutrition,
Committee on Agriculture,
Houston, TX.

The subcommittee met, pursuant to notice, at 9:30 a.m., in the Kashmere Multi-Service Center, Houston, TX, Hon. Charles Hatcher (chairman of the subcommittee) presiding.

Present: Representative Emerson.

Also present: Representative E (Kika) de la Garza, chairman of the committee.

Staff present: Julia M. Paradis, Dean Mitchell, Anita R. Brown, Perri O'Keeffe, and Lynn Gallagher.

OPENING STATEMENT OF HON. CHARLES HATCHER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. **Hatcher**. The subcommittee will come to order. I am Charles Hatcher from Georgia, chairman of the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, which, of course, is a subcommittee of the House Agriculture Committee.

We are pleased to have with us today Hon. (Kika) de la Garza, Congressman from south Texas who is chairman of the full Agriculture Committee, and Bill Emerson, Congressman from Missouri.

We are pleased to be here in Houston for this field hearing on the Food Stamp Program and the commodity distribution programs.

It is appropriate that we focus on the serious hunger concerns in this country while sitting in the city of our late colleague Mickey Leland who devoted so much of his effort to alleviating hunger not only in this country but around the world.

As those of you here know, the Food Stamp Program and commodity distribution programs will be reauthorized, hopefully, in the 1990 farm bill. This reauthorization process gives us the opportunity to thoroughly review these vital nutritional programs. It is an ideal opportunity to learn how we might modify the programs and make them more responsive to the needs of recipients and more efficient administratively.

The Agriculture Committee recently heard testimony that 8 million more Americans were poor in 1987 than in 1978. Not only are there more poor families now, but the poor have grown even poorer in recent years. The amount by which the income of the average poor family falls below the poverty line was greater in 1987 than in any year since 1962.

Obviously, hunger has increased as poverty has increased. Soup kitchens and food pantries have never been busier. In Texas for the last several years, food stamp participation has reached record levels almost every month and the average allotment has increased. Because the Food Stamp Program is the Nation's primary hunger prevention program we must do all we can to assure that it is meeting the needs of hungry Americans. We must also maintain the commodity distribution programs so that they might fulfill their dual purposes of helping to dispose of surplus agricultural commodities while feeding those most in need.

We look forward to your testimony this morning and thank you for making the effort to be here, you witnesses. Some of you, I know, have travelled a great distance.

I would also like to take this opportunity to thank Ms. Anna Curtis and her staff here at the Kashmere Multi-Service Center for helping with the arrangements for this hearing. We appreciate their support.

Chairman de la Garza, do you have an opening statement?

OPENING STATEMENT OF HON. E (KIKA) de la GARZA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

The CHAIRMAN. Thank you very much, Chairman Hatcher.

Welcome to you and our colleague Bill Emerson for coming here and I welcome you to Texas and I welcome you to Houston. We could not get the mayor out or any of the high executives of the city so I will speak for all of us in Texas and in Houston that we appreciate very much your coming and giving us the opportunity to present testimony in regard to the Food Stamp Program and the commodity distribution programs.

Also, I would like to thank all that are here to testify. It is very appropriate that we have representation from State, from local, and from around the region. I would like to thank specifically Mr. Frank Carranco, who has come all the way from Laredo on behalf of AARP, and Maria Gomez, who is a farm worker herself and lives in Florida, has come from the valley. Yvonne Charboneau was to be here as she represents Legal Aid in our area, south Texas, but Mrs. Martinez—Norma Martinez is here in her behalf. Also, right down from my area, from Kingsville, Mrs. Flowers and Mrs. Atkinson from Robstown. Ms. Atkinson had been in contact with us by mail and since we were going to be in the area we asked her to come and personally give her view. So, I thank all of you who have come to help us as we prepare for the next farm bill and the section that it will have dealing with distribution of commodities and food stamps.

And, with that, Mr. Chairman, I thank you for being here. I know it will be a very productive session and very helpful to you in the subcommittee and, eventually, to us in the full committee.

Mr. HATCHER. Thank you, Mr. Chairman. Mr. Emerson.

OPENING STATEMENT OF HON. BILL EMERSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI

Mr. **Emerson**. Thank you, Mr. Chairman. I am delighted to be able to be here to participate in this hearing on the 1990 farm bill in Houston, in our chairman's home State and, in what I understand is the district of our late friend and colleague Mickey Leland who was the chairman of the Hunger Committee on which I have the privilege of serving as vice chairman.

I look forward, always, to the opportunity to travel out of Washington to hearings that are under the jurisdiction of this particular subcommittee. It is often through field hearings that the subcommittee learns firsthand of the issues that are most important to the people and of the programs, food stamps and other commodity programs, that are under the jurisdiction of this committee.

Now, the purpose of this hearing today is to review the Food Stamp Program and other commodity programs and how they operate here in Texas. I have often found that when we pass laws in Congress we, at times, may not adequately assess the impact that these changes may have on the families who are receiving the benefits and the impact on those who are administering the program.

Field hearings give us a good opportunity to hear about the very practical aspects of these programs and how we structure them and, hopefully, how we can improve them. I think it is important for the subcommittee to review the food assistance programs and to make sure that needy families wherever, in the United States, have access to these programs.

I represent a very farflung rural district. I know that there are many unique problems that arise, particularly relating to transportation and the availability of food assistance programs.

The bottom line is that I firmly believe that in this Nation of abundance it is a tragedy for one child or one elderly person or anyone for that matter, to go hungry. We are a generous country and if the programs that we operate are not providing the necessary help we need to know why.

I hope that we will learn a lot of things here today that will be helpful to us as we look to writing the 1990 farm law which will include food stamps, commodity distribution programs, and other programs that will be of help to those in need of assistance.

And, with that, Mr. Chairman, I would ask unanimous consent to revise and extend my remarks.

Mr. **Hatcher**. Without objection, so ordered.

The **Chairman**. Mr. Chairman, may I say a word here, please?

Mr. **Hatcher**. Certainly

The **Chairman**. I apologize. This is for the record and for whatever it may be worth to those who are here. I thanked my two colleagues for being here but perhaps not adequately.

Any one of us now that Congress is not in session—any one of us could be in our congressional district visiting with our constituents. We could be home visiting with our families. The staff could be working in Washington. But, there is always the element of "no one cares—they don't give a darn what happens to us in Washington."

Well, we are here because we do. Mr. Hatcher could be in Georgia with his family or working with his constituents. Mr. Emerson could be in his district in Missouri working with his constituents—being with his family. But because we care we are here in the name of our Committee on Agriculture which in turn means that we are here on behalf of the House of Representatives of the United States.

There is always the disbelief that anyone would give 1 day of his life to come and care about the poor and the needy. I want to especially thank you—both of you for joining me here. And for whatever it is worth to those that might be interested to hear that we care—we are here for that reason. Members who could very well utilize this time for more personal gain are here because they care, and I thank you, specifically, Mr. Chairman and Mr. Emerson, for coming today.

Mr. **Hatcher**. Thank you, Mr. Chairman. Let me tell you a little bit about how the hearing will be conducted this morning. Some of you may have seen the handout as to the witness list. There have been a few changes.

But, essentially, we have three panels of witnesses. We will hear from them as panels, withholding questions from the Members of Congress until each of the members of that particular panel has given his or her testimony, then we will have questions, and at the end of that we will go to the next panel.

Most of you or maybe all of you have submitted written statements, either prior to today or have brought them with you today. The written statement in its entirety will be made a part of this hearing record.

You will be recognized in the order in which you appear on the list to give your testimony orally by paraphrasing or by reading your statement or proceeding however you feel most comfortable or think you can best communicate with the committee.

We are going to try to operate under the 5-minute rule for each witness, but we can have some flexibility in that. But, I do encourage you to be as brief as possible, given the understanding that your full written statement is available to us and will be a part of the record.

With that, I call our first panel.

Ms. Claudia Langguth, deputy commissioner for client self-support services with the Texas Department of Human Services based in Austin and formerly from this area, I believe you said.

Mr. Wayne Kuykendall who is supervisor for food distribution division of the Texas Department of Human Resources based in Austin.

Ms. Kate Fitzgerald, director, food assistance programs with the Texas Department of Agriculture, also, from Austin.

Thank all of you. And, we will hear from you in the order in which I just called you. Ms. Langguth.

STATEMENT OF CLAUDIA LANGGUTH, DEPUTY COMMISSIONER, CLIENT SELF-SUPPORT SERVICES, TEXAS DEPARTMENT OF HUMAN SERVICES

Ms. **Langguth**. Thank you, Mr. Chairman, members of the committee and staff, thank you very much for the opportunity to be here to discuss this most important issue of reauthorization of the Food Stamp Program.

I am Claudia Langguth, deputy commissioner for client self-support services with the Texas Department of Human Services. We are the State agency that is responsible for the Food Stamp Program in Texas.

I want to express our appreciation for recent congressional action on the Hunger Prevention Act of 1988 to enhance and streamline the program. We are grateful for the opportunity to provide additional recommendations for improvements that can and should be made to the current Food Stamp Program to make it even more effective and efficient and, most importantly, more beneficial to the individuals and families that we serve.

I will briefly describe four areas that are in need of greatest change. The first is the allocation formula for the Food Stamp, Employment, and Training Program. The second is the simplification of the Food Stamp Program and reducing barriers to participation. The third is compatibility of the Food Stamp and the Aid for Dependent Children's Program. And the fourth is the food stamp quality control process and past sanctions.

First, I would like to discuss the employment and training allocation formula. The Food Security Act of 1985 required FNS to allocate employment and training grant funds among the States. Initially, not all States had systems that could accurately count the number of mandatory food stamp work registrants. Therefore, FNS based the allocation upon each State's percentage of the total number of food stamp recipients nationwide. As a result, we believe that States with large AFDC populations receiving food stamps receive a disproportionate share of employment and training grant funds compared to States like Texas that have a larger food stamp population in relation to their AFDC population.

According to a study by ABT Associates Inc., Texas had nearly 20 percent of the Nation's food stamp mandatory work registrants in 1988 but received only 7 percent of the available Federal employment and training funds.

FNS is currently pressuring Texas to greatly expand its employment and training program, but without additional grant funding this would result in an ineffective program in all the counties. Now that States have developed systems to accurately count the number of mandatory work registrants, it seems more appropriate and equitable that the current employment and training allocation formula be changed to a formula which would target funds to the greatest number of potentially eligible individuals.

FNS is reported to be in support of this formula change, however, recent estimates indicate that only 15 States, including Texas, Georgia, and Missouri, would receive increased funding under a revised formula.

Second on our agenda is further simplification of food stamp policies. Recently a number of other laws have been enacted by Congress that have had significant impact on the Food Stamp Program.

We would like to address two specific laws: The Immigration Reform and Control Act of 1986 and the Computer Matching and Privacy Act, which are particularly problematic.

We would appreciate your assistance in actively supporting changes to these laws by first exempting or deeming the Food Stamp Program from meeting the 30-day notification and independent verification requirements of the Computer Matching and Privacy Act. This would save approximately $704,000 in additional food stamp benefit costs in Texas each year.

Eliminating the IRCA requirement to obtain each household member's signature attesting to its citizenship or alien status and making it a State option to contact INS for verification or require such contact only if applicant's alien status is questionable.

Our next issue is the 10-year-old food stamp policy on household composition which create barriers to participation, especially for the elderly and for relatives who share housing due to adverse economic conditions.

We recommend the revision to the Food Stamp Act to simplify the definition of a household to provide more flexibility for individuals living together by allowing them to apply separately with certain exceptions.

Vehicles exemptions is another very problematic area. The exemption of certain vehicles valued less than $4,500 has also been in effect for over 10 years without any adjustments for inflation. In addition, a household often owns only one vehicle but has little or no equity in that vehicle. We recommend that food stamp statutes be revised to count only the equity exceeding the established limits for the households primary vehicle and increasing the current limit from $4,500 to a new ceiling adjusted for inflation.

We applaud your efforts under the Hunger Prevention Act to require FNS to simplify procedures on deductions for medical expenses. However, FNS changes to the regulations were so minimal as to have little impact. The current policy on medical deductions is a barrier to client access. It is labor intensive. It is error prone. And, has been subject to numerous FNS interpretations resulting in a nearly unworkable policy.

The Food Stamp Act currently includes very effective procedures allowing States to develop standard utility deduction, which any household can receive, at their option, if they have out-of-pocket expenses for heating or cooling. We propose that the food stamp statute be revised to include a similar procedure for deducting medical expenses.

Third party payments and educational assistance exemption and verification is another problematic area. Information is included in this area in our written testimony on additional recommendations for simplification policies on treatment of third party payments, educational assistance, assistance exemptions, and verification requirements.

I would like to now briefly describe our recommendations on increasing the compatibility of the Food Stamp Program with the

Aid for Dependent Children Program. We were pleased that your committee had the foresight to include a provision in the Hunger Prevention Act changing the food stamp dependent care deduction to be compatible with AFDC policy. However, the Family Support Act of 1988—Welfare Reform Act—increased the maximum deduction in the AFDC Program. Therefore, we recommend that the maximum dependent care deduction be changed to coincide with AFDC policy.

Although, employment and training policies in the Food Stamp Program and AFDC Program concerning participation exemptions and penalties for noncompliance are similar and seem to have the same intent there are some differences.

Food stamp policy requires complex procedures to determine if the penalty for a household member's noncompliance with employment and training rules causes disqualification of the entire household or only the individual. We recommend that the food stamp statute be changed to be consistent with AFDC policy which simply requires the State to apply progressive penalties only to the noncompliant household member.

Finally, I would like to mention that we believe additional reforms can be made in the quality control process based on recommendations by the National Academy of Sciences and the Association of Public Welfare Administrators which we have attached to our written testimony.

We would like to work with your committee in exploring possible approaches to changes in the process and also revisit the issue of past State sanctions. We appreciate very much the committee coming to Texas—coming to Houston and having an opportunity to visit with us and listen and address our concerns.

Thank you, Mr. Chairman.

[The prepared statement of Ms. Langguth appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you very much. Mr. Kuykendall.

STATEMENT OF E. WAYNE KUYKENDALL, SUPERVISOR, FOOD DISTRIBUTION DIVISION, TEXAS DEPARTMENT OF HUMAN SERVICES

Mr. KUYKENDALL. Thank you, Mr. Chairman, members, and staff. I am Wayne Kuykendall, supervisor of the food distribution division, Texas Department of Human Services.

This committee has already received testimony from members of the National Association of State Agencies for Food Distribution representing State agencies involved in the distribution of USDA commodities. We support their recommendations and believe it would serve no purpose to repeat their testimony today. Therefore, I would like to share with you just a few additional recommendations that we feel if implemented, would facilitate our ability to be more responsive to the needs of recipient agencies in Texas.

Before I continue, however, I would be remiss if I did not commend the hard work of this committee on the passage of the Commodity Distribution Reform Act and WIC Amendments of 1987 which is Public Law 100-237.

Certainly, never in the history of the Commodity Program has there been a single piece of legislation that has had such a positive impact on the Food Distribution Program as did this act. Its legislation was a clear message to USDA and State distributing agencies that major and immediate improvements were needed if the Food Distribution Program is to continue as a viable food support effort for the national School Lunch Program and other domestic programs.

As a result of this Commodity Reform Act a number of policy changes have occurred. For example, food specifications developed by USDA have reduced the tolerance levels for salt, sugar, and fat in the donated foods resulting in the availability of healthier food.

Communications among Federal, State, and local agencies have improved significantly so that our recipient agencies are better informed on issues relating to the Commodity Program. And, State distribution systems are being steadied and up-readied around the country.

However inspired the program enhancements, the Commodity Program has been a source of frustration this year for our contractors. We are well into the school year and traditionally, have received by this time the major portion of commodities that we would anticipate. However, today Texas and other States have received only about 30 to 40 percent of their entitlement.

While the Secretary of Agriculture is mandated to provide schools a certain level of commodity assistance, it serves little or no purpose if the foods are received so late in the school year that they cannot be utilized before the summer vacation begins.

Since adequate food supplies have not been delivered in Texas, it has been necessary for recipient agencies to draw on already limited school funds to purchase the needed food products.

Something needs to be done that would help ensure that there is an even and steady flow of commodities throughout the school year thereby eliminating or at least minimizing the problems just mentioned.

A more stable or predictable system of food allocations would offer invaluable assistance to our recipient agencies in areas such as menu planning, developing local purchase programs, and storage requirements, to name only a few.

We recognize that there are complexities in the acquisition and delivery of donated foods, however, from a user's perspective, and common sense should dictate, that they have a right to be advised of what commodities they will receive, how much, and when they will be delivered. It is my contention that answers to these three questions would eliminate many of the problems in the food distribution problem.

The Hunger Prevention Act of 1988 required the Secretary of Agriculture to purchase additional commodities for distribution to needy families through the Temporary Emergency Food Assistance Program and also directed the Secretary to purchase several million dollars in commodities for soup kitchens and food banks as a way of providing food help for the homeless.

Major storage and distribution problems developed for State distributing agencies when the bulk of foods for soup kitchens was purchased and delivered all at one time. Texas, like other States, had little opportunity to identify those feeding organizations which met the definition of a soup kitchen, and even a shorter time to survey these organizations regarding the types and quantities of available foods they could use.

Texas accepted its total allocation of these foods with the thought that if we could not distribute these commodities to soup kitchens we could obtain authorization from USDA to transfer the foods to traditional outlets such as schools and charitable institutions; however, we learned later that USDA's interpretation of the act does not allow States this flexibility.

It is our understanding that the quantity of foods purchased for soup kitchens is in excess of the needs of the homeless population in Texas and cther States. A portion of these funds could be used to much greater advantage in purchasing additional foods for the TEFAP program or provide flexibility to States in allocating excess commodities to other eligible outlets.

We also recommend that the Secretary be required to review the timeliness of the current distribution process and make appropriate changes to better meet the planning of the distributing agencies.

I would like to briefly touch on another subject related to the Food Distribution Program. The loss of USDA-donated cheese and nonfat dry milk as available commodities had a significant impact on local feeding programs.

You will hear testimony from two food service directors who will be more precise in describing the impact the loss of these two commodities has had on the School Lunch Program.

The simply request that the Secretary of Agriculture made these products available for the School Lunch Program and other food help programs would fail to recognize the complexities that are present in the Dairy Support Program. I can only report to you that these foods, which school feeding programs have come to depend on, are extremely important to the Food Distribution Program. And, anything that you might do to ensure their continued availability would benefit millions of children who participate in the School Lunch Program daily.

Finally, I would request that this committee consider administrative funding for the Food Distribution Program. It is my understanding that with the exception of food distribution all other food help programs administered by the Food and Nutrition Service have a legislative base or administrative funding.

We are grateful the Secretary has provided some funding to assist State distributing agencies, but in Texas, for example, these funds cover only 10 to 15 percent of actual program costs. Although our financial needs in Texas have been temporarily resolved as a result of a transfer of excess administrative funds earned by the Texas Education Agency, there are many States without adequate resources. This is especially the case now with the enactment of the Commodity Reform Act which, while making many improvements possible, does place extra administrative and financial burdens on the State agencies.

I thank you for the opportunity to testify today.

[The prepared statement of Mr. Kuykendall appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you for your testimony. Ms. Fitzgerald.

STATEMENT OF KATHLEEN FITZGERALD, DIRECTOR, FOOD ASSISTANCE PROGRAMS, TEXAS DEPARTMENT OF AGRICULTURE

Ms. FITZGERALD. Hello. I am Kate Fitzgerald the director of food assistance programs for the Texas Department of Agriculture. I thank you very much for the opportunity to be here today.

I have been asked to talk about a new initiative instituted by the Texas Department of Agriculture in cooperation with other State agencies and private organizations, the SOS, or Share Our Surplus Program. Essentially, the idea is to identify surplus agricultural products and make them available to emergency food distribution agencies around the State.

The idea for the program developed because throughout 1988 and 1989 the Texas Department of Agriculture received an increasing number of requests from food banks, local food distribution agencies, and local governments for aid because their emergency food resources were running low. So since we know there is a surplus in the Texas agricultural community clearly the time was now to identify and get that surplus moving to the people who need it.

Commissioner Hightower convened a SOS task force in March 1989. The task force includes representatives of the State's agricultural community, food banks, churches, labor, the grocery industry, the transportation industry, and other governmental agencies.

The task force came up with a concept which was put into operation officially on June 1. Essentially, what has been created is a coordinating and communication office based in TDA's offices in Austin. An 800 number hot line has been connected which is designed to connect farmers, packing sheds, and processors who have surpluses with volunteer groups willing to glean the fields and to transport the product to distribution agencies that can get the food distributed in a timely manner.

What we are talking about here is perishable products. Fruits and vegetables, some peanuts and rice but a lot of it is product that has to be moved within 3 days. So, the 800 number provides a speedy way to connect the various groups that will make this program work.

The project began, officially, on June 1 and we have dedicated ourselves to laying the ground work in that period. The first thing that needed to be done was to remove the barrier farmers had faced in the past to opening their fields for gleaning.

The legislative session last spring enacted an amendment to Texas' Good Faith Donor Act which explicitly addresses farmers and exempts them from liability when volunteers are in their fields harvesting for the needy.

We have also been investigating the possibility of farmers taking tax write-offs when they donate significant amounts of products that have real market value. Texas farmers have not done that.

Next, we have conducted a very extensive outreach campaign to let farmers know that this program now exists, to identify as many of the food distribution agencies in the State as we can, to recruit volunteers who are willing to glean fields, pack and transport produce, and to get the support of as many trucking companies as possible around the State.

This is a mammoth process but so far we've been in contact with over 6,000 farmers, have identified almost 700 distribution agencies statewide, about an equal number of volunteers and every major trucking company in the State has agreed to haul product for free.

What this information has provided is a comprehensive data base of all of the potential players in making this kind of system really work effectively—to make food available to food banks, church pantries and senior citizen centers, for the people who need it.

Finally, we have been doing fund raising. The program is run out of the Texas Department of Agriculture but is clearly a cooperative program of all of the participating groups. The department has been provided a lot of in-kind support but we have needed to raise money to hire a field coordinator, to pay for the hot line, to do printing and for other expenses.

At this point we are ready to really start moving fruit and vegetables. In the last 4 months we have moved approximately 100,000 pounds which, while significant, is nowhere near what we believe the potential is.

In 1977, the GAO reported that 20 percent of the food grown in the United States is wasted somewhere in the production, storage, transportation, or warehousing process. On a national level they estimate that that accounts for 137 million tons of product.

In Texas, we market approximately 5 billion pounds of fruit, vegetables, and other edible products every year. So, if the 20 percent ratio applies, there is a significant amount of food that is being lost every year that could supplement food banks and food pantries.

What we feel we need now is help reaching farmers. The receiving agencies are in line, the volunteers are in line, the transporters are in line, but talking to farmers about the program, reminding them about it, and making it as easy as possible for them to participate is the hardest part. We now have one field coordinator who is doing a valiant job, but with a State as large as Texas he is overwhelmed.

We are very glad to have the opportunity to talk to you about this because we think that there is something that can be done on the national level to make statewide programs like this very effective. The gleaning legislation passed in the Hunger Prevention Act was a very good start.

USDA, if they have the resources that they feel necessary and the inclination, could provide invaluable help to this project. The Extension Service is a marvelous source of information.

There are county agents in every single county in Texas who are on the front lines. They meet with the farmers daily. They perhaps know better than anyone when the market price for a product grown in that community has plunged so low that the farmers are not going to harvest it. They know when crops have been damaged because of rain and sleet and are no longer marketable but are still nutritious. They, from day-to-day, have an inventory in their heads about what quantities and where the surplus product that will get plowed under or will rot in the field is in their communities.

If they could get included in this endeavor with the necessary funding, and I think the impetus would need to come from the national level, they could do a significant amount to identify nutritious food.

Second, home economists on the county level that work for the Extension office and the Expanded Food and Nutrition Education Program nutritionists could also become involved with the project. On a local level many churches and senior centers not only do food distribution to the needy but also provide nutritional education when they have the resources.

Often what is missing from social service agencies is the resources. If the extension agents and nutritionists could be made available and connected with these social service agencies we could go a long way to provide a nutritional education which will make the food even more valuable for low-income families.

The final thing we would like to suggest is an increased flexibility on the part of USDA in terms of interpreting regulations for some of the other agricultural programs.

Commissioner Hightower met last week with a farmer out in Lubbock County. His brother had planted 60 acres of black-eyed peas on CPR set-aside land. He planted the peas, they provided beautiful ground cover, they provide a nutrient to the soil, and his intention was at the end of the season to plow them up and donate them to the food bank.

The Lubbock Food Bank had received commitments from farmers throughout the county and had 120 acres of set-aside land farmed in peas that they were expecting to receive right about now—right when the demand increases before the holiday season. When it came time to harvest the peas the farmer was told that if he harvested them mechanically he would be in violation of program regulations and risk losing his $40,000 program payment. Obviously, he could not do that.

We worked with the farmer, the local Extension people worked with the farmer, the food bank worked with the farmer and there seemed to be no way out of the quandary. Two days ago he plowed up the field and the food bank lost out on thousands of pounds of nutritious black-eyed peas.

The peas could have been harvested by hand. The food bank managed to get about a hundred volunteers out into fields for 14 days and only harvested about 8,000 pounds of peas—about 10 percent of what was there.

So, in that situation, had USDA allowed for mechanical harvesting, which we understand would not have been deleterious to the soil, it would have made a significant amount of food available.

In the west Texas community there are millions of acres that lie fallow every year or in set-aside programs. The potential is tremendous for creating a new supply of food for food banks there.

I thank you very much for the opportunity to talk about this program. I know it is not exactly what is on your agenda today, but we appreciate any help you could give us in making it successful.

[The prepared statement of Ms. Fitzgerald appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you for your testimony, Ms. Fitzgerald. Ms. Langguth, I was interested in your comments about the automobile—that has come up about every where we have been. And, especially in Atlanta, we had a horrendous case where a lady was unable to qualify for food stamps simply because she had an $8,000 automobile and owed about $8,500 on it, as I recall.

I think I know where that requirement came from and you probably do, too—the welfare cadillac comments that are made around the country. But, I really hope that this is one issue that we can address. I appreciate your comment that we should look to the equity as opposed to the value because clearly it is not an asset if you have zero equity.

Maybe we will be able to address that. I certainly hope so.

Ms. Fitzgerald, has the USDA been of any help to Texas in the gleaning operation?

Ms. **Fitzgerald**. No. But in all justice to USDA, we have not approached them directly. We worked with the Hunger Committee. I understand that USDA is cognizant of the requirement in the gleaning legislation that they have a responsibility to provide technical assistance to programs like ours. I understand that they have named the Extension agency as the most appropriate division of theirs to do it but without any appropriation I am not going to move forward.

Mr. **Hatcher**. Chairman de la Garza.

The **Chairman**. Thank you very much. The Chairman would let the other member ask questions.

Mr. **Hatcher**. Mr. Emerson.

Mr. **Emerson**. Thank you all for your statements. I wanted to say, Ms. Langguth, I think your statement really is one of the most finest and most detailed statements in terms of specific recommendations that has ever come to this subcommittee.

Ms. **Langguth**. Thank you.

Mr. **Emerson**. We ask a lot of questions and evoke ideas about where and when should we zero in to make something work better but you have in your prepared statement really given us chapter and verse of what works and what does not work. And, we appreciate it.

Ms. **Langguth**. Thank you.

Mr. **Emerson**. I take it that you are largely responsible—every State is organized a little differently and I want to get some idea of exactly your role. Client self-support services is your title?

Ms. **Langguth**. Yes.

Mr. **Emerson**. Could you give us a little better definition of that?

Ms. **Langguth**. Certainly. That includes the Food Stamp Program, Aid for Dependant Children Program, and the employment, day care and other social service programs that Texas has.

I am also responsible for the 10 regional administrators. Texas is a decentralized State and we have 10 regions and I am responsible for supervising the 10 regional administrators. In addition to being responsible for program and policy administration——

Mr. **Emerson**. You have a very broad jurisdiction. Mr. Kuykendall, I gather you are largely involved with commodity programs.

Mr. **Kuykendall**. Yes.

Mr. **Emerson**. You know, Ms. Langguth, I have long been interested in my service on this subcommittee and on the Select Committee on Hunger in a concept that I call "one-stop shopping." It occurs to me that people who need food assistance need housing assistance, maybe, or medical assistance or transportation assistance.

We have 96 different welfare programs in this country. The criterion for benefiting from any of them is different—one by one by one. I think we have made some major strides in welfare reform last year but I think we have a long way to go.

I feel that the object of any welfare program should be to give the people fully the assistance they need in order to make them whole and move them out of the welfare system. It seems that you, with the broad jurisdiction that you have, working with interrelationship of a lot of these different programs might be a valuable resource to us as we pursue this concept.

Ms. LANGGUTH. Texas just went through a major reorganization in its programs. And, that is why these programs were brought together. Our plan is to put together the Food Stamp Program and the Aid for Dependant Children Program and to have one-stop, same-day service throughout the State of Texas in all of our offices.

We are planning on expanding welfare reform beyond the AFDC Program. We will also include the Food Stamp Employment and Training Program in Texas.

Mr. EMERSON. That is terrific. We would like to follow your progress. Maybe you can give us some lessons that we interpolate and make applicable on a national basis.

Ms. LANGGUTH. I would be very happy to work with you.

Mr. EMERSON. You know, we do have various pilot programs under way. We have one going up in Minnesota. Washington State has a very interesting pilot project. Maybe we should find some way to incorporate the interesting work that you are doing into a pilot project when we reauthorize these programs so that we at the Federal level can follow your developments more cohesively.

Ms. LANGGUTH. I would like that very much.

Mr. EMERSON. I would like to talk further with you about that. We do not have time to pursue this to the last here this morning but I thank you for your testimony and we would like to pursue that with you further. You are into some ideas that interest me greatly. Thank you.

Mr. HATCHER. Mr. Chairman.

The CHAIRMAN. Ms. Langguth, there will be later testimony. Are you the person responsible for the supervisors out in the area, the case workers—does that fit into your——

Ms. LANGGUTH. Yes. We have 10 regional administrators. And, I'm over the regional administrators and over the Food Stamp Program and I guess, ultimately, over the case workers who actually work with the——

The CHAIRMAN. There will be testimony later on this morning with more specifics. I guess, the most common complaint that I get as I travel throughout the country is, very respectfully but, the lack of sensitivity or casualness in dealing with clients and maybe they are overworked or whatever it is. There is this insensitivity there and at times arrogance. Does that get up to your level or who handles that?

Ms. LANGGUTH. Yes, it does. Also, we have representatives here from the regional offices—Carol Anderson who is regional director for the Income Assistance Program—Houston and we can be made aware of mistreatment or inappropriate treatment. I think it is something that we in Texas are very much aware of and want to improve. My goal is to make sure that it does improve.

The CHAIRMAN. Then we have the client who sees it as someone not caring. But the error rate—and there will be testimony later this morning also about that—whatever the error rate is can wind up a person not getting their food stamps or a delay in their food stamps. We have been through this error business to the extent that we penalize now. You have been through it. But that is not the end solution—that we will dock money from Texas or some other State because of the high error rate. But what is happening on that? How are you addressing that?

Ms. LANGGUTH. Well, several ways. One is we are in the process of fully automating our computer system so that we can make sure that we eliminate as many errors as possible in case workers' files. Also, we reduced and streamlined our application form. In Texas, now, we are going to a two-page application which we think will eliminate a lot of the problems and barriers to participation.

As you know, in Texas we also have an expediting Food Stamp Program with 1-day service rather than 3 day. There are still areas of improvement that we need to make. Expanding office hours is one we are working on. We need to expand beyond the 8 to 5 office hours of most of our offices because most food stamp recipients work and they cannot get to the offices during those work hours. We are trying to make some significant improvements to our Food Stamp Program in Texas.

The CHAIRMAN. You touched briefly on outreach.

Ms. LANGGUTH. Yes.

The CHAIRMAN. What is the extent of outreach that you have set in Texas for specific areas of interest or language? Do you have multiple language outreach in Texas?

Ms. LANGGUTH. Texas does not have an outreach program that is of any great significance. We have, right now, almost 600,000 households receiving food stamps. We are still not reaching the total number of potentially eligible food stamps which has been estimated as high as 4 million individuals—4 million families, rather, that are eligible for food stamps.

We need to have an outreach program in Texas. Currently, as you probably know, the State of Texas does not fund a food stamp outreach program. We are asking in this next State legislative session to fund such a program.

The CHAIRMAN. I smile when you mention we are going to automate and go to the computers. If the fully automated computerized airline business is any indication, it does not work. [Laughter.]

Ms. LANGGUTH. We hope not to be using the same computers.

The CHAIRMAN. And major corporations—I think we owe the—I do not know what it was—a $28 bill to the phone company that fell through the crack there and the computer kept sending bills and kept sending bills and kept sending bills that long since have been paid. Eventually a collection agency started calling and all because a computer had not clicked or someone had not punched the right thing and eventually it was $28 on top of thousands of dollars of time and effort by myself and my wife and the telephone company—heaven knows how many more people. I think probably the thing is that we should not turn off the human, sensitive part of it—just hoping that the computer will take care of it and dismiss from our minds that everything would be perfect.

I am not lecturing or anything like that, I am more frustrated with what happens to me with computers.

Thank you very much. We appreciate all of you being here. Hopefully we can send our regards to our respective heads—health and human service, Commissioner Hightower—that we appreciate them letting you come here to give us the information that you have brought to us. We thank you.

Mr. EMERSON. Mr. Chairman, could I make a unanimous-consent request? Witnesses are making abbreviated remarks. We have their full statements. We are operating under some time constraints this morning. I would ask unanimous consent that we may ask questions in writing that the record be kept open for that purpose and to receive their answers as we have the opportunity to review the testimony. Some things may occur that we do not have the opportunity to get into here this morning. And, I make that request.

Mr. HATCHER. Without objection, so ordered. We would like to thank each of you three for being here. Your testimony has been very helpful. Thank you.

Our next panel consists of five witnesses plus a translator. Ms. Maria Gomez, farm worker from San Juan, Texas, who I understand is testifying on behalf of the United Farm Workers.

Ms. Maria Norma Martinez who is with the Texas Rural Legal Aid.

Mr. Zy Weinberg, executive director, Texas Association of Community Action Agencies based in Austin.

Ms. Veronica Jefferson, president, Houston Welfare Rights Organization here in Houston.

And, Mr. Francisco Carranco who is a member of the National Board of the American Association of Retired Persons from Laredo, Texas.

The CHAIRMAN. You have failed to identify the lady who is going to do the translating, Mr. Chairman.

Ms. CALDERON. Linda Calderon.

Mr. HATCHER. Glad to have you.

We are going to receive testimony in the order in which I called you up and we will reserve questions from the panel of members until after we have heard from all of you. All of your written statements will be made a part of the record and we would urge you to paraphrase. Try to limit your oral testimony to 5 minutes or something around there. And, we are just really glad to have you here today to testify. Ms. Gomez.

STATEMENT OF MARIA GOMEZ, SOCIAL SERVICES AIDE, UNITED FARM WORKERS

Ms. CALDERON. Her name is Maria Gomez. She lives in Pharr, Texas. "First I want to tell you that I have the opportunity to speak a little bit about the farmers."

My Spanish is not that good. I thought I was just going to read for her. So, is there someone that could translate?

The **Chairman**. She will do better.

Mr. **Hatcher**. We are sending in a substitute here.

The **Chairman**. If not, I will do it.

Mr. **Hatcher**. State your name please.

Ms. **Flores**. My name is Vicky Flores.

Mr. **Hatcher**. Ms. Gomez.

Ms. **Gomez**. My name is Maria Gomez. I live in Pharr, Texas. I appreciate the time that you have offered me. And, I want to take advantage of this time to speak to you a little bit about the farm workers.

A farm worker is a very short word but it has a lot of meaning behind it. It includes the injustices, mistreatment, not getting paid enough, and they always have to be ready to work from 1 to 11 hours.

I will continue with my testimony now.

I have four children from 11 years old to 22 years old. I have always worked out in the fields but for the past 2 years I have been able to work at the office of the union. I work there approximately 6 months out of the year. And, the rest of the other months I travel up North with my family, with my children. I have been to Oregon, to California, Idaho, Utah, and Michigan.

During the periods when I do not work or when we do not have enough money I do receive food stamps. I always encounter problems when I have to reapply because they take my salary from the previous month into account.

This year I went to Idaho. I left on August 15 and returned September 22. That money that we earned during that time was about $600 or $700 between myself and two of my children.

I went to the food stamp office to apply, but I did not qualify for that month. I explained to the caseworker that I did not have any money because we had spent it on our way back. However, she just simply told me that I did not qualify for that month but I would for the following month of October. I still had to go out and borrow money so that I could have enough food for the rest of the month.

Where I live it is a subdivision outside the city limits. Recently, we were incorporated into the city. The only thing they have accomplished with this is that we have to also pay city taxes.

Maybe later on we might have benefits from the city. Right now we have the garbage pick-up, the water and the drainage. But, the streets are so poor you cannot even use them.

A lot of the residents that live there know that I work for the union so they call me or they come to me for help or they go to the union to ask for help in resolving problems with the food stamp office because it seems like when they approach the food stamp office they are not given the proper attention that they should.

Some of the problems include the verification letters. This is the form that they are required to have completed by the employer or the crew leader even though they have taken in their pay receipts. Unless they provide that verification form their food stamps are refused.

The problem is not that the person does not want to take the form to the employer or the packing shed or the crew leader, the problem is that sometimes they only work 2 or 3 hours.

This is a very common problem and I am sure that it happens to a lot of people but I know of this one instance when this man took the form to the packing shed to have it filled out. It was quite a distance for him because he lived in Pharr and the packing shed was in McAllen.

Anyway, he went over there four or five times but the person that he needed to sign the form was never available. At that point, he went to the union office and he was given a notarized statement which included the information about who he worked for and how much he was earning. And that was the only way he was able to obtain food stamp benefits.

Another problem is the requirement to look for work. It is required that they search for 24 jobs in different places within 3 months or 3 times a week for 8 weeks. The problem exists when the employer will not sign the form that needs to be signed. This creates another problem for the individual because they have to spend more money in obtaining those signatures and going from place to place.

Another problem is when the woman is pregnant. Last year we had this woman who was 18 years old. She was 7½ months pregnant. Her husband was working but they were requiring her to fulfill the work requirement. She tried to look for work but she kept being rejected because she was pregnant and they kept telling her they could not give her any work, it was too much a responsibility for them because of the insurance.

She then went to the food stamp office and she told them that she could not find a job. They told her that she needed to comply with the requirement or she was going to be cut off the food stamps. She then went to the union and they gave her a written statement and she also was instructed to tell the food stamp office that if they would take responsibility in case anything happened to her because she was looking for work then she would go ahead and go back to looking for work.

The problem still exists. Just yesterday another woman approached me and told me about that work requirement. She went to the food stamp office and they told her they were going to send her a letter to go look for work. She went to the employment office and they told her all she needed to do was take a letter from her doctor to the food stamp office and that would solve the problem. After waiting 3 hours to see the doctor, she finally got a letter, but she had to pay $15 to $25, and that was not for a consultation but just for the letter.

Another problem is with the elderly people. I know of two cases where they have just preferred to drop the application for food stamps. And this one family is two sons and a father and a mother. One of them works for the city.

The parents were required to fulfill the employment job search. The parents are 54 to 60 years old and they just preferred then not to apply for the food stamps.

The other person—her husband was also working but they were requiring her to comply with the work search. She suffers from rheumatism. However, she did try to look for work but the problem that she had was that as she was trying to get on the bus she fell. So, she went back and told them that she could not go back to looking for jobs because she had been injured. That was the only reason they went ahead and waived it and gave her the benefits.

Another problem, I think, is that there is a lack of communication between the casework and the applicant.

The CHAIRMAN. Supervisor.

Ms. GOMEZ. I'm sorry. Between the caseworkers and the supervisor. When the client takes his form and everything else that they have asked for—I really do not understand how the problem is happening.

The caseworker is not understanding what the problem is but at the same time he is not communicating that to his supervisor.

An example of this is a woman—she used to work picking tomatoes. She went to apply for food stamps. She took all the receipts that she was asked for, of course, including the letter she needed from the crew leader. She complied with all the requirements. The caseworker told her everything was ready, that he would let her know later how many food stamps she was going to get.

While she was there she saw the caseworker drop her application in the trash can. She thought he had already taken all the information. Several days later they called her to ask where her application was. She told him what she had seen. He told her that she needed to fill out another application. So, we filled out the application and she returned it. He told her to just keep calling back regularly to see how the case was going.

After 2 weeks I advised her to go talk to the supervisor. So, she met with the supervisor and the caseworker. A week later she got her food stamps but they were for a lesser amount. They did not count the date of her first application. The second month it was the same thing—she received the same small amount. By that time they had changed her caseworker.

She spoke to her new caseworker and was told she had only used the information that was in the file that they had given her. She asked that her case be reviewed but they told her the following month she would be getting the full amount of the food stamps.

Another situation is that the workers at the food stamp office are not always informed of the people's rights so they are inconsistent in giving out the information or in receiving the application.

One other thing are the comments from the caseworkers to us the farm workers. We are deeply hurt by their criticisms because in the valley from the month of May and June—from September to May or June is when there is more work out in the fields even though if it is only for a little bit of time. And it is also the time when the migrants return from up North in September or October.

We heard of a comment that was made to a farm worker. He had just returned from up North and had gone to apply. The comment they made to him was, "Well, you just came from up North, why are you asking for food stamps?" Maybe that caseworker does not know what is involved in working out in the fields.

Another problem that I encountered yesterday when I was applying for food stamps. I went to let them know about a change in my case because I had just started working. I already had the letter that they were requesting. I had to wait. I was there at 9:35 a.m. There were like 15 other people in front of me. At 10:40 a.m. I finally got to the receptionist. And, it was around 5 until 12 until I was able to talk to the caseworker.

When I spoke to the receptionist I told her that I only had about 2 hours to report this change because I needed to get back to work. She told me, "There are not that many people here so you can wait." And, that was the time that I left.

Another thing is that when we go to report a change they right away immediately make that change—when it is a change of salary or somebody is being dropped. And, when we make a change to include somebody else they take a month—month and a half.

And that is my testimony.

[The prepared statement of Ms. Gomez appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you, Ms. Gomez. Ms. Martinez.

STATEMENT OF EVONNE CHARBONEAU, ATTORNEY, TEXAS RURAL LEGAL AID, INC., PRESENTED BY MARIA NORMA MARTINEZ

Ms. MARTINEZ. Good morning, everybody. I am Maria Norma Martinez from Texas Rural Legal Aid. I just found out yesterday that I would be here to replace Ms. Charboneau. She has prepared a written statement that you have before you. I have a few comments to add to that.

The CHAIRMAN. Mr. Chairman.

Mr. HATCHER. Yes, sir.

The CHAIRMAN. I ask unanimous consent that Ms. Charboneau's statement and any other statement that anyone brings in behalf of someone else be included in the record.

Mr. HATCHER. Without objection.

Ms. MARTINEZ. The Food Stamp Program is the only source of food for so many poor people, so there is no question that it should be continued. And, there are problems but those problems can be remedied.

First of all, the excessive requirements of documentation should be eliminated. I am going to go to the major points in Ms. Charboneau's statement first. That is the first one.

Two, the entire family should not be disqualified because one member cannot document their eligibility.

Three, caseworkers and food stamp office employees need additional training. Offices need to improve case management process. Now, there I believe that the case load for DHS workers is way too high.

Once upon a time, I was a food stamp worker—only 6 months. It was a very hard job and I worked harder there than I have worked anywhere else. There was a lot of stress. So, even though a lot of times I am on the other side, since I sued the Texas Department of Human Services, I understand the problems, especially with the front line workers.

Four, the expedited food stamps should be processed automatically for all eligible clients.

Five, the treatment of seasonal or irregular income from migrant farm workers needs to be improved.

And, you all heard from Ms. Gomez. She explained what happens with this problem. And, I have seen that over and over again, especially in the Valley. I have seasonal workers in my area now but not as many as I worked with when I was in the Valley. So, I hear it less now, but when someone complains and their income from the month before which has already been spent is used for the present month they do not have any food.

Food banks now a days—that I used to call about 1 or 2 years ago—now tell me they have no food. I do not know why they do not have any food, other than they get less donations then they used to. Perhaps times are hard for everybody, but for food stamp recipients obviously, they are a lot harder.

Six, one vehicle should be exempted as a resource for each family living in a rural area. Yes. I also think one vehicle should be exempted for families living in urban areas. Nowadays in our society everybody has a car—or in Texas anyway, almost everybody has a car. And even in cities, public transit is so irregular—and I do not know of any city that has buses running after early evening—who cannot go to work. Poor people who do not have a choice of having regular business hours find it a lot harder to work if they do not have a car.

I know, a lot of people will say, "Oh, if they have a new Volvo they should not qualify for food stamps." But, the newly unemployed that will have a new Volvo and will owe a lot of money on it will not—if they sell that car, more than not will not be able to find a job or the kind of job that they are used to or that they are qualified for.

Now, of all these major problems there is one major problem that I want to talk about and that is the excessive delays in processing of appeals. Very often it takes up to 6 months for DHS to implement a favorable decision of an appeal.

The delays appear throughout the process. First, one must wait for the hearing; after the hearing, one must wait for the decision; after a favorable decision one must wait for the implementation of the decision. Again, lightening the case loads of the DHS workers, that includes hearing examiners, should eliminate or help eliminate this problem.

I find that problem so pervasive that we have filed a lawsuit against the Texas Department of Human Services. It is filed *Irma Villareal* v. *Rob Mosbacher.*

And then office hours—Ms. Langguth testified that they were thinking of extending office hours. That is wonderful. Employed individuals must take time off from work to attend appointments or certification or to attend hearings of their appeals. So for both—and for hearings office hours for DHS should be Saturdays and/or after the regular business hours of 8 to 5. Again, this would greatly benefit workers that are eligible for food stamps.

I did manage to get one hearing after hours but it was only after a major fight with a hearing examiner. I threatened to complain to the commissioners, although I did not know if that would do any good. He finally, after several phone calls, agreed that my client could have a hearing at 4:15 in the afternoon.

The reason my client needed a hearing that late was she was a temporary worker, she had gotten a summer job. There were four temporary workers and one of them would get the job permanently. She did not take time off because she was afraid that would be held against her.

I explained all this to the hearing examiner, but he was still adamant about needing the client there before 3 p.m. I finally did get the hearing at 4:15, but I know that if it is anyone else, if there is no complaint, there is no—unfortunately, threat—my client would not have gotten a hearing that late.

Thank you and I would welcome any questions.

[The prepared statement of Ms. Charboneau appears at the conclusion of the hearing.]

Mr. **Hatcher**. Thank you, Ms. Martinez. Mr. Weinberg.

STATEMENT OF ZY WEINBERG, EXECUTIVE DIRECTOR, TEXAS ASSOCIATION OF COMMUNITY ACTION AGENCIES, INC.

Mr. **Weinberg**. Good morning. My name is Zy Weinberg and I am executive director of the Texas Association of Community Action Agencies, a statewide organization that provides information and advocacy on issues effecting more than 3.1 million poor people in Texas.

I am honored to be able to address the committee this morning on food stamp reauthorization issues. My deep interest in and affiliation with the Food Stamp Program dates back to 1978 when I was appointed to chair the Texas Food Stamp Implementation Advisory Committee, established for putting into place the reforms of the Food Stamp Act of 1977. Since that time, I have spent more than a dozen years analyzing and following food stamp trends in Texas and the Nation from both the perspective of a State employee—and I did work with the department of human services for a time—and from the public interest angle as an advocate for low-income people.

The Food Stamp Program is vital to the alleviation of hunger in Texas. Currently, program participation and benefits are at all time highs for the 20-year history of the program here. In October 1989, more than 1¾ million persons in nearly 600,000 households got over $110 million in coupons.

As you can tell from these figures, this $1.3 billion a year program not only has a significant impact on the lives and diets of those who participate, but on the Texas economy as well. However, in spite of those numbers, food stamp participation in Texas remains low compared to national statistics.

Of the more than 4 million low-income Texans potentially eligible for food stamps, only about 40 percent receive benefits. Welfare stigma associated with the program remains high, and access to the program remains complicated and problematic, especially for those who lack education, transportation, or English speaking ability, as Ms. Gomez has remarked.

In addition to more thorough and mandated outreach for the program that I believe should be included in next year's amendments, I would like to address several other issue areas that I feel need to be revised to simplify program operations, allow fair and more appropriate benefits for hungry recipients, and ease entry into the program.

I had the opportunity 2 months ago of participating in a national meeting of hunger leaders convened by the Food Research and Action Center in Washington, DC, at which food stamp reauthorization topics were discussed. I feel the group took a realistic and balanced approach in coming up with a list of proposed program revisions that are both needed and fiscally practical, considering the current condition of the Federal budget, and my comments basically outline those consensus changes.

First, Congress can help respond to the housing crisis in this Nation that is contributing to the hunger problem through the Food Stamp Program. It would be most helpful to alter the current rules on the definition of a household, as Ms. Langguth mentioned, to address the reality of families living together in an effort to make housing affordable or to have shelter at all.

Related persons living under the same roof should be allowed to declare themselves separate households, if they purchase and prepare food independently. For families who are doubled and tripled up in order to avoid homelessness, this provision would help them receive fuller benefits and maintain better diets.

Second, the cap on excess shelter deductions should be removed for all households, likewise, to help ease housing crisis situations that affect food stamp benefit levels. With census statistics showing nearly half of all poor families spending more than 70 percent of their income on shelter, these people need a break so there are some resources left to obtain food.

Even in a "low cost" housing State like Texas, shelter expenses severely impinge on a low-income family's ability to maintain affordable living conditions.

Third, Congress must take action to increase food stamp allotments as substantially as possible and begin to move more rapidly toward basing benefits on the U.S. Department of Agriculture's Low Cost Food Plan instead of the Thrifty Food Plan.

Under the Thrifty Food Plan, most food stamp families run out of coupons by the 3d week of the month and the strain on emergency food providers toward the end of every month is enormous.

With food bank donations beginning to decline and the nonprofit voluntary sector already stretched to the limit and beginning to suffer from what is being termed "compassion fatigue," emergency food sources cannot keep up with the hunger problem. Improved food stamp benefits offer a more practical, institutional method of seeing that poor people have enough to eat, especially for the poorest of the poor. And, in Texas we have plenty of them. In fact, in July 1989, based on statistics from the department of human services, 1 in 7 Texas food stamp households, some 78,000 families, had no income—and were basically existing on food stamps.

Fourth, as an encouragement to absent parents to help support their children, it is recommended that the first $50 in child support payments received by a food stamp household be excluded from income. Such a change, similar to the treatment of child support payments in the AFDC Program, would primarily accrue to the benefit of children, who make up more than 53 percent of the Texas caseload, and low-income women, who head up more than 73 percent of all food stamp households in this State.

Another point on which I concur with the department's testimony, to assist workers the current $4,500 limit on the value of motor vehicles must be raised. As Ms. Martinez pointed out, reliable transportation for food stamp recipients, as for virtually everybody else in this society, is a necessity. And, vehicle values have skyrocketed since the $4,500 limit was set in 1977. The limit should be increased immediately by at least $1,000 and then indexed to inflation in future years.

Last, an amendment should be made to allow low-income students to participate in the program without an employment requirement. Students trying to better themselves and improve living conditions for their families through post-secondary schooling should be given a break, not an extra hurdle, in the food stamp eligibility process.

Again, these are just a few of the program changes that are needed, desirable, but within financial reason. The committee should also not overlook administrative actions that can facilitate participation in the program, such as simplification of the application form.

As Ms. Langguth mentioned, Texas recently went to a two page application form. I got information from the department yesterday that in the first month that the new application form was in place, in October, the application rate increased 20 percent. However, the denial rate stayed the same. So, I think a simplified application form is being viewed by low income people around the State as an easier means to deal with the program and is having an impact.

Another administrative area that needs attention is bilingual staffing requirements and also, as has been mentioned, appointments and hours for food stamp offices, including evening and weekend hours with telephone interviews and mail issuance for disabled, transportation deficient, and rural applicants and participants.

Although the department is beginning to experiment with some extended hours, at this point all they are planning is for one office in the Dallas area to be open on Saturday mornings beginning next February. So, it is just a start but we need, I think, longer office hours to accommodate working families. And, hopefully the pilot project next spring will lead the department to do that more extensively in the future.

That concludes my remarks. I thank you very much for the opportunity to appear before you today and present this testimony.

[The prepared statement of Mr. Weinberg appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you, Mr. Weinberg. Ms. Jefferson.

STATEMENT OF VERONICA D. JEFFERSON, PRESIDENT, HOUSTON WELFARE RIGHTS ORGANIZATION

Ms. JEFFERSON. I would like to say good morning to the panel and to everyone here. I am Veronica Jefferson. I am at this time the president of the Houston Welfare Rights Organization.

And, I would like to express the fact that we do work very closely with clients. We have meetings the second Tuesday of every month so therefore, we are transporting them and we are hearing their complaints. So, I feel that we can really tell you some things that are really going on.

First of all, we would like to bring out the fact that the restoration of the separate food stamps households for related individuals. The separate household rule has become so complicated that few clients can use it, few case workers can correctly apply it. And, we have some forms attached.

Now, I would also like to emphasize that the separate household is definitely needed because many times parents are forced with having to take care of their grandchildren—not by, I guess, choice. But, the fact is they cannot be responsible for a daughter or a son who has a child and cannot take care of that child. So, what happens, they are forced to live at home because many times they do not have—the AFDC—like say, for a family of three—if it is $184 their rent and possibly their utilities or even if they have an apartment that is their rent right there. So, there is no other income.

Now, to talk about that I would have to talk about many things. And one thing one would say, "Well, they could go out and look for work." Many times they cannot read or write and as we know that is a problem. If you are on food stamps you have to go through that work search. So, how in the world can someone who cannot read and write—I mean they can go and search for work but 9 times out of 10 they are not going to find a job. And, if they do find one it is going to be minimum wage and it is not getting them off welfare.

In my opinion, welfare is supposed to be for people who are helping themselves and not planning on living on it long term. So, of course, they would have to do that. So, we would like to also encourage other States to follow the Texas lead for 1-day expedited food stamps and a shorter application form.

Require the States to achieve a minimum ratio of approved application to denied applicants. Texas proportionately denies more persons food stamps and AFDC than virtually all other States. For AFDC, only 20 percent of families denied reapply. And publicizing this data.

In the car allowances—now that is something I really want to briefly talk about. In the car allowances from $4500 and changing it to equity value.

Eliminate the social security number requirement, at least for small children. One thing I feel that many mothers—they do not have all day to run down to the department, get a social security number—I think maybe, if possible, they would be allowed at least 10 days to maybe bring that back because they cannot afford a sitter a lot of times for the children.

So, let me back up on the car too because there is so much wrapped in here. Now, I feel that if a person, again, I feel welfare—still goes back to the same thing—it is supposed to be for people to not stay on it for ever.

This car allowance is forcing people to stay on welfare because, let us say, if a person is helping themselves anything can happen—a person could become injured and disabled. Let us say they go into the department and they have a 1989 or 1988 automobile, they have to sell that to get money. Well, let us say these people are aggressive and once their problems are resolved they may not—in some cases they may not be no more than 3 months before they find work. Well, the problem is when they go back to work they have no good automobile and in order to keep a job you do need to have transportation.

Once my car was broken down and I experienced the bus lines and they are an all day thing. So, I am just saying I feel that the system can find a way to find out the people who are really helping themselves. So, I just think that this effects everybody that is helping themselves and possibly people—you know, I cannot say—it is not that I am saying that people do not help themselves—as we all know, there are some people that have been on welfare is not trying and is blocking people.

To mandate enforcement of the Hunger Prevention Act restrictions to verification, which would prohibit welfare from writing letters to landlords in very many cases. The form 1857—this form is rarely used now, but my question is, why does the Texas Department of Human Services keep it in their handbook?

The Texas Department of Human Services has changed only one regulation because of the new act. This major legislation is unenforced. And, the one that they have changed is where they ask about your tissue paper and your bath soap and that kind of thing.

Finally, we would ask the committee to support the legislation which would set a Federal minimum level of AFDC and require cost-of-living increases. Texas pays only $184 to a family of three per month. That is less than the cost of rent alone. It would not increase, if at all, for 6 years.

And, so I would like to thank you all for taking the time to hear what we have to say.

[The prepared statement of Ms. Jefferson appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you, Ms. Jefferson, for your testimony. Mr. Carranco.

STATEMENT OF FRANCISCO CARRANCO, MEMBER, NATIONAL BOARD OF DIRECTORS, AMERICAN ASSOCIATION OF RETIRED PERSONS

Mr. CARRANCO. Mr. Chairman, I shall be as brief as I possibly can. Good morning to you on the panel, and the staff, and ladies and gentlemen.

The American Association of Retired Persons, AARP, appreciates this opportunity to comment on reauthorization of the Food Stamp Act.

AARP offers these four major recommendations: Address the need for improved outreach efforts, we heard about this earlier this morning; require mail issuance of coupons to elderly and disabled households who otherwise face a hardship in receiving benefits; strengthen the efforts to simplify applications forms—and, we heard about this also earlier this morning; and, consider improvements in the minimum benefits. Efforts will be directed mostly on the need for improved and expanded food stamp outreach efforts particularly among the older minority persons.

Since 1988 AARP has been involved in 13 outreach projects to increase participation in the SSI Program. We believe this experience can provide guidance for effective food stamp outreach projects.

The first phase of AARP's SSI outreach was a 3 city pilot project, one of which was El Paso, Texas. As a result of this outreach program there was an increase of 50 percent in participation and 49 percent in awards compared to the 3 previous years. Preliminary results from the first five of the 1989 outreach sites show that applications have increased by 38 percent and awards have increased by 37 percent.

One of the five locations was San Antonio in 1989 where applications increased by 66 percent and awards increased by 54 percent over 1988. Clearly, special attention must be paid to informing those not reached through traditional methods of outreach such as minority groups.

Among older Hispanics in El Paso it was imperative to go with organizations tied to the hispanic community. This meant the outreach project worked with local church groups and the Spanish language TV and radio stations. We translated informational materials into Spanish and used bilingual and bicultural outreach workers in the area agency on aging to answer SSI inquiries.

In San Antonio a similar approach proved equally effective. We found the differences in nationality, education and literacy backgrounds and cultural—directly relate to the technique of outreach that will prove most effective, be it print media, electronic media, or direct personal contact.

Also, networking with a coalition program like the senior Texan employment program proved to be a key ingredient in the success of the El Paso site. Use of older, bilingual, and bicultural outreach and intake increased freer acceptance among older Hispanics.

The key to the success of all of the AARP outreach projects is the use of a coalition of local organizations and citizens committed to helping low-income people in their community. A local agency assumes a leadership role in building and guiding a coalition of agencies to provide the broad-based support necessary to reach the elderly poor.

Taking the lead in the El Paso project was the Rio Grande Council of Government Agency on Aging. In San Antonio, the city of San Antonio nutrition program was the lead local agency. In El Paso the local department of human services was also very supportive and viewed the project as enhancing its effectiveness in identifying clients who might be eligible for other public benefits. The El Paso Legal Assistance Society helped in training outreach workers, developing their interview techniques, and assisting with appeals on denied applications.

AARP also worked closely with local and national Hispanic organizations in El Paso such us LULAC, Project Amistad, and community health care centers such as La Fe, Centro de Salud San Miguel and Centro Medico del Valle.

This same general formula proved effective in the San Antonio project where lifting the language and cultural barriers stimulated a deluge of inquiries from interested persons, especially Mexican Americans.

With support from the Commonwealth Commission AARP is planning to expand its outreach activities to 23 new sites. It is our goal to encompass a mix of other public benefit programs such as food stamps, medicaid, low-income housing and energy assistance programs in future outreach sites.

Our success in San Antonio can be greatly attributed to Hispanic media presence at our kick-off ceremony. Every major television, radio, and newspaper was in attendance. This did not happen by accident.

While AARP's outreach has been successful, local communities and organizations should not be expected to fill the current outreach void. A national coordinated effort by responsible Federal agencies will be necessary to reach those throughout our Nation who are eligible for, but not participating in low-income benefit programs such as food stamps and SSI.

Leadership is needed at the Federal level for outreach efforts if significant improvements in participation are to be accomplished. Improvements in benefits, outreach, and administrative procedures will help ensure that older persons have better access to the Food Stamp Program, particularly, under served minority groups.

We do not regard the AARP outreach model as a perfect solution. It is, however, an effective but modest effort that gives us some direction. AARP will be pleased to cooperate with the Congress in seeking favorable solutions. And, AARP welcomes the opportunity to assist the Congress in this enterprise.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Carranco appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you, Mr. Carranco. I commend you and AARP for what you have done nationally with the outreach programs and particularly what you have done in San Antonio.

I would like to thank all of you for being here and for your testimony, particularly of Ms. Gomez who gave us an insight from a very practical level, having been there. And, we appreciate, especially, you taking time to be here today.

Mr. Emerson, do you have questions?

Mr. EMERSON. I want to thank all the witnesses for their testimony. Just a couple of quick comments here.

Ms. Gomez and Ms. Jefferson both commented in some detail about the cumbersome bureaucracy and the need to verify certain things, reduce the necessary documentation, reduce the caseload for the workers—I agree with that wholeheartedly.

You know, the comments of Chairman de la Garza to the contrary notwithstanding, I think there is great hope for automation and I hope that we move forward. There are some good demonstration projects underway in the country right now. They are proving out the benefits of automation and the use of better technologies. I feel that as that technology becomes available and is better implemented that it is going to make available the personnel—the case workers—to deal a lot more sensitively because they will be far less burdened with all the paperwork.

I am a very strong advocate of getting as automated as fast as we can in order that the personnel that is available may deal sensitively with the problems. I think all of you in one way or another mentioned that paperwork burden and the bureaucratic delay. I think we are moving there, it is just slow progress. We need to do everything we can to hasten it and I hope we will do things in the reauthorization of this law to hasten it but I think there is a rather universal solution to some of the problems that you raised.

Several of you touched on outreach. We have never failed to examine and reexamine outreach and barriers to participation. One fact of the matter is there are just a lot of people who are reticent and reluctant to participate, which is one of the reasons that I am such a strong proponent of TEFAP and of food banks and commodity distribution programs. I do find that people will avail themselves of the food that is there—the sources that may be tapped—people do not want to deal with the bureaucracy and they do not want, sometimes, to have the stigma of going through all of this rigmarole.

So, we will continue to look at the outreach situation and barriers to participation, but I believe that TEFAP is perhaps the best opportunity to immediately address the needs of some of those people.

We have to continue with outreach and finding ways to remove barriers to participation, but it is not easy. But I want to assure you that it is something that we are constantly working on.

I thank all of you.

Mr. HATCHER. The next panel consists of Ms. Susan Ryon, food service director, Castleberry Schools, Fort Worth. She will be testifying on behalf of the Texas School Food Service Association.

Ms. Helen Flowers, food service director, Kingsville Independent School District, Kingsville, Texas. She is accompanied, I understand, by Ms. Jean Atkinson who is food service director, Robstown Independent School District in Robstown, Texas.

Mr. Dave Williams, executive director of the Houston Food Bank here in Houston.

Ms. Ellen Mitchell who is the director of the Interfaith Hunger Coalition, Houston Metropolitan Ministries here in Houston.

And, Ms. Susan Bailey, project director of Target Hunger in Houston, Texas.

Most of you were here, I am sure, and heard that you will be called on to testify in the order in which I called your name. And, that your entire written statement will be made a part of the record.

You are going to be told something that the other panels were not. And, that is that you are going to be limited to 5 minutes because all of us have planes to catch and we are going to terminate this hearing at 12 noon in order to make those planes. So, I am going to limit your testimony to 5 minutes each and call you at that time. We will be glad to hear from you paraphrasing your testimony or highlighting, however you prefer.

Let me thank you, Mr. Williams, for showing us around yesterday in the Houston Food Bank. We appreciate very much you taking the time and effort to do that.

Ms. Ryon.

STATEMENT OF SUSAN RYON, DIRECTOR, FOOD SERVICES, CASTLEBERRY INDEPENDENT SCHOOL DISTRICT, ON BEHALF OF THE TEXAS SCHOOL FOOD SERVICE ASSOCIATION

Ms. RYON. Mr. Chairman and members of the subcommittee, my name is Susan Ryon. I am the director of food services for Castleberry Schools in Fort Worth, Texas. As a past president of our association I am here representing the Texas School Food Service Association. We are very pleased and honored to have this opportunity to share with you our concerns about the Commodity Program.

Texas currently ranks 30th in commodities. And during the 1988-89 school year we have served over 300 million lunches and 85 million breakfasts to students.

The school lunch/breakfast and commodity programs are a big business in Texas. TSFSA representing over 10,000 members in 360 school districts offers the following for your consideration: The 1988-89-90 school year has been devastating to child nutrition programs in Texas because of the loss of bonus dairy commodities.

I have brought my little cheese box. If you are not familiar this is the way it comes packed—used to, in 30 pounds. We do not pretend to know why we are dealing with this crushing shortage, but what we do know is that cheese and dry milk have made a major contribution to the food that we have served our students. And, that over the past several years these commodities have been considered bonus commodities and available in unlimited quantities. Given the popularity and the availability of this cheese it has been frequently incorporated into the school lunch menus.

Bonus commodities have never been guaranteed by the USDA. But, it seems entirely unfair to local schools to suddenly and severely slash bonus commodity support with one hand and on the other hand announce an increase of three-quarters of 1 cent per meal in entitlement level. It may appear that schools are receiving more commodities yet in reality we have suffered a dramatic reduction.

I recently heard one school food service authority say that 3 or 4 years ago they were using 20 cents on the average, worth of commodities per lunch. She said that had dropped and they were down to 12 to 13 cents this school year.

The dollar value on entitlement commodities may have increased but so did the percentage of group B in Texas. It was increased last spring when cheese and dry milk were reportedly to be available in group B entitlement. Now that the true shortage of cheese and dry milk have surfaced we are faced with using 25 percent of our entitlement B for rice, macaroni, and shortening.

No one wants or needs that quantity of the items left in group B. We are told we cannot revert to the old percentages and our State office has no flexibility in ordering group A and B commodities. The State distribution office must be given enough latitude in ordering so that some compensation can be made for this immediately.

We need more group A commodities. We need meat, fruits, and vegetables, not rice and macaroni.

It is my understanding that the bonus commodities will be cut by over 300 million nationwide from fiscal year 1987 to fiscal year

1990. USDA figures show that bonus commodity values nationwide were 442 million in fiscal year 1987 and are predicted to be for 1990 only 125 million. Texas bonus commodities show a similar trend. And we just thought child nutrition was exempt from Gramm-Rudman.

Last summer at the national conference of State agencies and food distributors, a speaker from AMPI told that audience that there was documented proof of enough cheese to begin the 1989–90 school year, but our State office has not received cheese in Texas since March 1989.

Now the rumor has it that USDA refuses to buy this cheese that is in storage. We can only wonder why they would do that.

This extreme loss in the level of commodity support has created untold hardships for the local school budgets in Texas. Half a century these schools have tried to use commodities to a maximum level in their programs and now suddenly we are forced to cover extreme losses of commodity assistance by increasing milk prices to full paying students and making program cuts that include quality, variety, personnel, and equipment for losses for the free and reduced.

There has certainly not been a large enough increase in reimbursement rates for commodity entitlements to cover the loss of dairy commodities much less the escalating cost of meals served.

Schools have received 67 percent fewer bonus commodities in Texas, 25 percent fewer entitlement—these are of the ones that we serve right now.

We beg for your assistance. We need our cheese and dry milk back or an equal amount of another valuable good commodity. We request that you investigate this situation and consider legislation to stabilize the levels of commodity assistance. Please, no more back door budget cuts. It is very difficult to express to you the severity of this problem in school food service in just 5 minutes. I have a small district and in our district alone it is going to cost us $20,000 this year. For the State of Texas it is estimated that it will be over $60 million just to replace the cheese. That is nearly a national emergency to us.

We would appreciate any assistance that you could provide in solving this problem. And, I know it would be appreciated greatly by all the schools in Texas and the Nation.

I told you I brought my cheese box. And, it is empty. We wish that you could help us fill these empty boxes.

Thank you very much, Mr. Chairman, members of the committee, for this opportunity to speak to you. I appreciate your time.

[The prepared statement of Ms. Ryon appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you, Ms. Ryon. Ms. Flowers.

STATEMENT OF HELEN FLOWERS, DIRECTOR, FOOD SERVICES, KINGSVILLE INDEPENDENT SCHOOL DISTRICT; ACCOMPANIED BY JEAN ATKINSON, DIRECTOR, FOOD SERVICES, ROBSTOWN INDEPENDENT SCHOOL DISTRICT

Ms. **Flowers.** I am Helen Flowers. I am the food service director for the Kingsville Independent School District located near the Corpus area.

I can only, basically, reiterate what Ms. Ryon has said. I took a survey of school districts in the south Texas area and have found very much the same in our area as well.

And, not only are we concerned about the loss of cheese and dried milk, we are also concerned about the school districts not being able to fully utilize the group B money that is allotted to them. As Ms. Ryon has said, the split has been changed to 75 percent group A and 25 percent group B, which was to allow us to have more money to purchase the cheese and dried milk that was supposed to be available in commodities and now is not. So, that leaves us with even more money in group B entitlement that we did not have before and so now we have more money that we are not being able to use.

Ms. Ryon mentioned the vast money that is going to be spent in additional moneys in our budget. And, as she said, her school district is like $20,000 and my school district I am looking at $40,000. Large school districts are looking at as much as $158,000 additional to the budget. And, that is money that we never had to worry about spending before and that is just in cheese alone.

Most school districts have found that it has increased their budget by 5 cents per serving on menus where they have cheese on the menu. Most school districts have had to modify their menus so they are not utilizing this much cheese as they were before.

So, this is a real problem and we would really like to have some help in that area. When we surveyed the school districts we also asked if there were any other questions of comments they would like to relay to your committee and I would like at this time to address those.

If cheese and dried milk are not available they would like to be allowed to choose foods from the group A to replace these foods—sort of like moving the money.

If a school district has a balance of unused group B moneys could the balance be transferred to group A?

If a balance is indicated on the form 506-C, which we have to fill out prior to the school year beginning, perhaps the school district could be contacted and given the choice of moving the balance of moneys to the group A commodities, therefore, avoiding the loss of the needed allocated money. Or, perhaps the school district could be given a CLOC—if you are familiar with that, which is a Cash in Lieu of Commodity or letter of credit for the unused balance.

School districts do not want imitation cheese as a commodity product. The quality and taste are not acceptable. We really prefer to have the real thing.

The Valley Distribution Warehouse has encountered some problems with receiving butter and they are wanting to know if butter is going to be discontinued as a commodity item.

And again, to reiterate Ms. Ryon, they want more fruits, vegetables, and meats to be given.

Harlingen ISD has complained that the McAllen warehouse is sometimes shorted on their allocations. One of the things that she mentioned to me was we have never had a problem with—they feel like as it gets down the line to the tip of Texas they are not getting what they should be getting.

At this point in time last year, as I think Mr. Kuykendall had mentioned also, 25 percent of the annual allotment of groups A and B items had been distributed. This year 15 percent has only been received, which in turn causes school districts to purchase replacement foods, then when we get the product in, it is sometimes late and is left in inventory because we cannot use it.

And last, it would be desireable to have the choice of receiving the bulk of the group A allocations in perhaps September or October.

I am sorry, I forgot one other item that has been of particular interest to almost all of us. And that is, sometimes in the processing of the commodities sometimes we have received figs with stems on—of course before we can begin preparing the dish the stems have to be removed which is a labor consuming thing to do. So, if we can get it readily available to use that helps a lot also.

In conclusion, I would like to say that schools do want to continue receiving commodities. They are a viable part of our budgeting process and our planning process. And, we really do need to have them. We would just appreciate any help you could give us in alleviating some of these problems and concerns that we have.

And we would like to thank you for allowing me to appear as a witness today at your committee.

[The prepared statement of Ms. Flowers appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you for your testimony. Ms. Atkinson, I had you as accompanying Ms. Flowers, did you expect to make some remarks as well?

Ms. ATKINSON. No, sir, I did not.

Mr. HATCHER. Well, we thank you for being here today. Mr. Williams.

STATEMENT OF DAVID A. WILLIAMS, EXECUTIVE DIRECTOR, HOUSTON FOOD BANK

Mr. WILLIAMS. Good morning. I appreciate the opportunity to assist this committee as it prepares the 1990 farm bill. I would like to provide some background information on the relationship between the Houston Food Bank, the TEFAP program, and offer some suggestions as to the future of this program.

The Houston Food Bank is a private nonprofit organization which acts as a clearinghouse for food companies and individuals to donate wholesome edible food. This food is then distributed to 350 local charities that feed the poor, hungry, and victims of crisis.

Since 1982, the Houston Food Bank has distributed over 50 million pounds of food. We are one of 200 food banks in the United States which are members of the Second Harvest National Food Bank Network. Last year, this network of food banks handled about 400 million pounds of food, distributing to about 38,000 charities.

Food banks throughout the United States have played an integral role in distributing USDA commodities right from the beginning of the TEFAP program. In 1987, food banks handled about 11 percent of all the commodities distributed from TEFAP and in Houston, TEFAP commodities played a significant role in assisting needy people during Houston's economic crisis of the early 1980's when more than 200,000 jobs were lost.

To give you some perspective on our involvement in TEFAP, we began to distribute in 1982 and handled about 800,000 pounds. In 1987, that figure grew to 4 million pounds of commodities. This year our distribution total decreased to 1 million pounds, about one-quarter of our 1987 amount.

How does this huge drop effect the needy people we serve? In 1987, 100,000 people received about 40 pounds of TEFAP food. In 1989, only 43,000 people have received 23 pounds of food each. So, less than half as many people are receiving about half as much food. And, in human terms I think there is some real cause for concern.

To summarize my observations about this program—when cheese was eliminated from TEFAP in July 1988 we experienced a drastic decline in participants. In June we served 74,000 individuals, representing 22,000 households, by September this figure dropped to 48,000 individuals representing 14,500 homes.

The allocation of $120 million for the purchase of commodities under the Hunger Prevention Act of 1988 was a great idea, as a matter of fact, I seriously doubt whether the Houston Food Bank would have participated in the TEFAP program if these additional items were not available.

This year we distributed beans, egg mix, pork, peanut butter, and raisins, in addition to the surplus commodities previously available including butter, flour, cornmeal, and honey. Now, to me this is an impressive list of commodities; however, the reality is that the only consistently available commodity was butter.

In fact, 41 percent of the commodities we received in 1989 was butter. And, at times butter was the only item that we would distribute in any given month. And, gentlemen, there are only so many things you can do with butter. We have found many people will not stand in line only to receive butter.

Every segment of our needy population has been affected by the reduction of TEFAP, the working poor, those on other government assistance to name two. But, the elderly have been most hurt by this reduction.

It is my understanding that some advocacy groups in Washington do not want TEFAP to be reauthorized, would rather see the emphasis placed on food stamps or WIC. Taking nothing away from food stamps or WIC, I would submit to you that this program addresses a segment of our needy population that would never go to a food stamp office or stand in line for emergency food assistance. And, yet, these poor people depend on this program to supplement their diets to help them make ends meet.

So, my specific recommendations would be: One, to reauthorize TEFAP for an additional 2 years; two, at minimum keep the $50 million administrative moneys intact—that does not cover all the costs but it helps; three, to consider expanding the quantity of surplus and purchased commodities available for distribution under TEFAP to the 1987 levels.

I will close by saying that one of the most attractive aspects of TEFAP is the unique partnership that has been created between the public and private sectors which makes TEFAP a very efficient and effective program. I do not want to even think about what the cost would be if the Federal Government had to handle distribution all the way down to the ultimate recipient.

I think TEFAP is a real bargain. Volunteers do the majority of the distributing of the commodities. Every month over 3,300-volunteer hours are donated to distribute this food. In Houston alone, at $5 an hour, the value of this work is $200,000 a year. Add in the donation of facilities, utilities, and transportation, and you can see that this community has made a real investment in this program.

From churches to VFW's to community centers the private sector makes TEFAP work in thousands of communities throughout the United States. And, during these days of budget deficits, I believe we should be looking to expand, not reduce, programs that utilize the talents of the private sector and give the American taxpayer the biggest bang for its buck.

Since I am representing 60 programs that perform the actual distribution of commodities, I have included as an attachment to my written testimony some quotes for your review from some of these program coordinators. Thank you.

[The prepared statement of Mr. Williams appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you, sir. Ms. Mitchell.

STATEMENT OF ELLEN B. MITCHELL, PROGRAM DIRECTOR, INTERFAITH HUNGER COALITION, HOUSTON METROPOLITAN MINISTRIES

Ms. MITCHELL. Thank you. My name is Ellen Mitchell and I am director of the Interfaith Hunger Coalition.

I appreciate the opportunity to be here today. Because I represent a hunger volunteer community that has been very active in trying to meet emergency food needs.

We seek to address local hunger through direct service, through education, and through advocacy. We recognize that over a long period of time while we thought we were addressing emergency needs, the problem is now of such an extent that it can no longer be considered an "emergency" response. We have built a program that now deals with the status quo. And, there is a public policy issue here. We believe very strongly that food stamps are central and critical in that public policy.

We know there is hunger in Houston because we hear it everyday over the Hunger Hot-Line. We operate it Monday to Friday. Seventy thousand calls have been handled over that hot-line last year. All of them asking for emergency food.

We know that of those who were referred by the hot-line, of the 70,000, over 41,000 were children. And, we know that only about 50 percent of those who called through the hot-line are on a Food Stamp Program.

Our network of 137 emergency food pantries responded last year to over 1 million requests for food. That represents well over 12 million meals as it is a 3- to 5-day supply of food that is given each time a request is made. The number has doubled every year for the past 4 years.

We are in our 14th year of service and we are hearing the word help more and more often. And, it is coming not only from the people who need the help themselves, but also from the volunteers who have been so dedicated to helping other people.

The numbers of people turning to emergency pantries as a major source of food are so large now that the pantry system is exceedingly strained by that burden. At the same time the Nation's basic food program—nutrition program—food stamps, has not kept pace.

We have effectively done, by default, an institutionalizing process of this volunteer system that was created really to meet emergencies only. It is now called on to provide regular food resources for increasing numbers of families.

We have institutionalized a voluntary system that is irregular in procedures. It is unreliable in its food supply and it really is inadequate to meet these ever-increasing numbers.

We, in Houston, have built a system that has responded and accomplished an incredible task. In addition to pantries the Hunger Coalition has established a Food for Seniors Project. We deliver one bag of groceries once a month to, at this time, 500 low-income seniors.

There are some for whom this is the major regular source of food for the month. They wait for it. They are grateful for it.

Only a third of our seniors receive food stamps and their average monthly allotment is $15 a month. Their average monthly income is $360. That just will not get them through 1 month with any kind of nutritious food at all.

In our area there are 73,000 people who are 65 years or older who are living at or below poverty level. We provide food to those 500. The Meals on Wheels Program serves 4,500-homebound seniors. And, congregate feeding programs serve about 2,000 more. We worry about those other 66,000 low-income seniors in our own community.

In many pantries, volunteers give out and help with food stamp applications. Many pantries also require that clients apply for food stamps before they can receive food a second time from that pantry.

Volunteers indicate that this policy does cause food stamp applications to be submitted and that families are more successful in obtaining stamps because they have had the pantry volunteer help with the application process. There is a much lower completion rate when people do not have that kind of informed assistance.

But, this emergency food system, the local food pantries, is being pushed beyond its capacity to feed substantial numbers of people that are hungry in our city. We, in the private sector, must have a more effective public sector partner in combating hunger.

We must have more effective national food assistance programs. We must have a Food Stamp Program that can readily reach all those who are in need of sustaining food.

I will not elaborate on these suggestions. Most of them you have heard before. And, you have heard detail about them. But, I want to list for you the recommendations that we see as imperative.

One, establish a uniform Federal program that is available and accessible to that more than 50 percent who are income eligible and not receiving food stamps.

Two, increase the basic food stamp allotment to more adequate levels. It was set up to meet only three-quarters of the month's need. It was set up on the Thrifty Food Plan. We know that that is not adequate to fill the needs people have. We really are literally causing many of our people to slowly suffer starvation effects, premature deaths. We are particularly concerned about those elderly who have so little.

Reconsider the mandatory definition of households. There is one local WIC office that reports to us that their average client household consists of three different families. Houston, having one of the lowest urban housing costs, surely reflects only a piece of that problem across the Nation.

We would ask that the $4,500 limitation on the value of motor vehicles be raised.

Five, allow full deductions on shelter costs for low-income senior citizens. Disregard the shelter standard deduction. Even the resulting $30 or $40 a month increase in food stamps could make a tremendous difference to many of these seniors.

And six, provide as many ways as possible to increase food stamp participation by the elderly. A generic application for all federally funded programs for the elderly would vastly improve accessibility. There is a dearth of information in the community which we serve with a Food for Seniors Program. Is an outreach program possible for those who cannot get to a stamp office? So, when we find people who, with this average $360 income are eligible for only $10 to $15 a month in stamps, many of them determine that it is not economically sound for them to even apply. In their neighborhoods it costs $5 to hire somebody to take you to a stamp office. And, it costs $5 to get someone to go to the store for you or to take you to the store. Therefore, the $10-benefit is a wash and not worth the time and effort.

I am going to, instead of my concluding paragraph, tell you a story, briefly, that happened last spring. We had a group visiting us from California. These were agricultural leadership people who wanted to know more about what was going on in their own country and came to us. I had them for a couple of hours.

We sent them off in different directions to see things that were happening in our piece of the community. Some of them came back from having visited with our food for seniors people. We asked for the report.

The young man who stood first to give his report finally had to say "I can't do it. I feel it. I know it's in my gut but it's going to take me 2 weeks to find the words to tell you what I've seen." Whereupon, another one stood and said, "I'll tell you. We saw our client. She was in bed. She was cheerful. She was lovely, neat, clean, living in a very poor home. And, she told us that there were two joys in her life right now. One was about to happen—there was a rose that bloomed every year just outside her bedroom window and the fragrance from it filled her room and gave her that gift annually. And, the second greatest gift that she had was receiving food from a volunteer who came once a month. She asked that volunteer to come into her room to take out the cans and put them on the table at the end of the bed so she could see what she had to eat that month." And this young man said, "Now I know it's not just a matter of hunger, it's a matter of human dignity."

I submit that we feel very strongly that that is true. And, I thank you for your time.

[The prepared statement of Ms. Mitchell appears at the conclusion of the hearing.]

Mr. **Hatcher**. Thank you. Ms. Bailey.

STATEMENT OF SUSAN BAILEY, PROJECT DIRECTOR, TARGET HUNGER

Ms. **Bailey**. Target Hunger began with the coordination of efforts of the following groups: The Texas Department of Human Services, the End Hunger Network, the Houston Food Bank, Interfaith Hunger Coalition, Texas Association of Social Ministries Coalition, United Way, National Convenience Stores, and Congressman Mickey Leland's office.

Its purpose is to ensure the availability of food and services to residents, targeting one community at a time. We are now working with ZIP code 77026, right where we are today.

We strengthen the agencies, that is the food pantries and congregated meal sites, so that more of the needy are fed. And, we have an outreach staff—a food stamp worker and an information and referral worker that are out in the community every day. This successful pilot began April 1 and ended October 1 and will continue in the same area for 1 year.

We distributed 225,000 pounds of food, proudly exceeding our goal of 150,000 pounds. Seventy-nine thousand dollars in food stamp benefits were allotted and 743 people were referred to other relevant programs for services.

One of the keys to the success of Target Hunger is communication that builds trust and rapport in the community. Early on key leaders in the community were identified and asked to serve on an advisory committee. These caring leaders donated both goods and services and their expertise, but most importantly, furthered community acceptance and communications.

The Outreach Program—that is the food stamp worker and the information and referral worker—brought about easy and simple accessibility to aid for the poverty stricken in this ZIP code. These two workers were at different locations in the community. We have a van for transportation problems. People are helped to fill out their food stamp applications. They are kindly given help with all of the requirements necessary for food stamps and other programs in town. They are told where to go, who to see, what to take; how to go about the whole process.

One of the most important keys is community involvement. The advisory committee and the coalition of the food pantry groups will lead the community into ownership of the project. By November 1990, the people who live and work in this community will be in charge of the project and can run it with success. Then I can move to another community to organize it.

This community involvement builds pride and helps people see that they can help their neighbors even as they get help for themselves, when needed.

Thank you.

[The prepared statement of Ms. Bailey appears at the conclusion of the hearing.]

Mr. HATCHER. I would like to thank each of you witnesses for being here and for your testimony. We will not have any lengthy questioning because we do have to go and catch the airplanes. But, we may very well, in accordance with the request of Mr. Emerson, submit additional written questions to you.

Let me make just one comment. When we get the Dairy Pogram to finally work so that it is not costing the American taxpayers so much, it starts hurting somewhere else, does it not? So we cannot ever do everything just right. We straighten one thing out and it pinches somewhere else. But, we are aware of that and maybe we ought to have a little more leeway in there for some commodities like cheese. I know you really need them.

Mr. Emerson.

Mr. EMERSON. I concur with your remarks, Mr. Chairman. Thank you all.

Mr. HATCHER. That concludes the hearing. Thank you.

[Whereupon, at 12:07 p.m., the subcommittee was adjourned, subject to the call of the Chair.]

[Material submitted for inclusion in the record follows:]

TESTIMONY OF

CLAUDIA LANGGUTH

REPRESENTING

THE TEXAS DEPARTMENT OF HUMAN SERVICES

Chairmen, Members and Staff, thank you for the opportunity to visit with you this morning on reauthorization of the Food Stamp Program. I am Claudia Langguth, Deputy Commissioner for Client Self-support Services, Texas Department of Human Services. We are the state agency responsible for administering the Food Stamp Program in Texas.

I want to express our appreciation for recent congressional actions on the Hunger Prevention Act to enhance and streamline the Food Stamp Program. We are grateful for the opportunity to provide additional recommendations for improvements that can and should be made to the current Food Stamp Program to make it even more effective and efficient, and most importantly, more beneficial to the individuals and families we serve.

I will briefly describe four areas that are in greatest need of change:

1. the Allocation Formula for the Food Stamp Employment and Training Program
2. Simplification of the Food Stamp Program and Reducing Barriers to Participation
3. Compatibility of the Food Stamp and AFDC programs, and
4. the Food Stamp Quality Control Process and Past Sanctions

EMPLOYMENT AND TRAINING ALLOCATION FORMULA

The Food Security Act of 1985 required states to implement a Food Stamp Employment and Training (E & T) program effective April 1, 1987, and required the Food and Nutrition Service (FNS) to allocate E & T grant funds among the states. Initially, not all states had systems that could accurately count the number of mandatory food stamp work registrants. Therefore, FNS based the allocation of E & T non-performance-based grant funds upon each state's percentage of the total number of food stamp recipients nationwide.

As a result, we believe that states with large AFDC populations receiving food stamps receive a disproportionate share of E & T grant funds compared to states, like Texas, that have a larger food stamp population in relation to their AFDC population. According to a study by Abt Associates Inc., Texas had nearly 20 percent of the nation's food stamp mandatory work registrants in federal FY 88 but received only seven percent of the available federal E & T non-performance-based grant.

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FNS has been pressuring Texas to expand its E & T program from 49 counties to 110 counties before approving our E & T state plan. We finally negotiated with them to only expand into 19 new counties at this time. The intense pressure Texas is receiving from FNS to expand into additional counties without additional grant funds would result in an E & T program incapable of meeting the intent of the law **"to operate a meaningful program to enable its recipients to improve their employment prospects"**.

This year, Texas will receive only about $4.8 million in non-performance-based grant funds under the current allocation formula. The state could be receiving almost three times that amount under a formula based on the number of E & T program registrants. Increased funding under a revised formula would greatly enhance Texas' ability to expand services to other counties.

Now that states have developed systems to accurately count the number of mandatory work registrants, it seems more appropriate and equitable that the current E & T allocation formula be changed to a formula which would target funds to the greatest number of potentially eligible individuals. The FNS is reported to be in support of this formula change; however, recent estimates indicate that only 15 states would receive increased funding under a revised E & T formula, including Georgia, Missouri and Texas. The availability of new JOBS program funding may lessen the impact of reduced E & T food stamp funds for those states with large AFDC caseloads if a new and more equitable food stamp formula is enacted.

We propose that the Food Stamp statute be revised to require the Secretary to establish an E & T allocation formula based on each state's mandatory Food Stamp work registration population. Implementation of the new formula could be phased-in, to prevent radical funding shifts for some states.

FOOD STAMP PROGRAM SIMPLIFICATION

- Other Laws Affecting the Food Stamp Program - Recently, a number of laws have been enacted by Congress that have had significant impact on the Food Stamp Program. I would like to address two specific laws which are particularly problematic.

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- The Computer Matching and Privacy Act (P.L. 100-503) effective January 1, 1990, requires states to
  - provide 30 days advance notice on adverse actions resulting from computer matches with federal agencies, and
  - complete an independent manual verification of information received through federal-state computer matches.
- The Immigration Reform and Control Act of 1986 (IRCA, P.L. 99-603) created two new certification requirements:
  - Each adult member of applicant households must sign an affidavit attesting to his/her (and minor dependents) citizenship or alien status.
  - States must contact the Immigration and Naturalization Service to verify immigration status of each alien applicant.

We would appreciate your assistance in actively supporting changes to these laws as follows:

1. exempt or deem the Food Stamp Program from meeting the thirty-day notification and verification requirements of the Computer Matching and Privacy Act. This would save approximately $704,000 in additional food stamp benefit costs in Texas each year. We believe the current ten-day adverse action notice requirement in the food stamp statute is adequate. We believe any additional food stamp expenditures are better spent simplifying the policy and eliminating barriers to participation in the program.

2. eliminate the requirement, under IRCA, to obtain each household member's signature attesting to his citizenship or alien status. The current policy requires a responsible household member to sign the application form under penalty of perjury for all other eligibility factors. The same process would work for attesting to all household members' citizenship or alien status.

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3. make it a state option to contact the Immigration and Naturalization Service for verification or require such contact only if an applicant's alien status is questionable.

- Household Composition - The ten year old food stamp policy on household composition is extremely complex due to numerous revisions resulting from court actions. The current policy also creates barriers to participation, especially for the elderly and for relatives who share housing due to adverse economic conditions by generally requiring adult siblings or parents with grown children to financially support one another any time they live together.

  We recommend a revision to the Food Stamp Act to simplify the definition of a household to provide more flexibility for individuals living together by allowing them to apply separately, except for:

  - spouses,
  - parents and their minor children (natural, adopted or stepchildren), or
  - any adults and minor children for whom they have parental control.

- Counting Vehicles as a Resource - The exemption of certain vehicles valued less than $4,500 has also been in effect for over ten years without any adjustment for inflation. In addition, a household often owns only one vehicle (for transportation to work or to medical treatment) valued at more than $4,500 but has little or no equity in the vehicle. To qualify for food stamps the household must sell the vehicle resulting in possible loss of employment and access to health care.

  We recommend that the Food Stamp statute be revised to

  - count only the equity value exceeding the established limit (currently $4,500) for the household's primary vehicle, and

  - increase the current limit from $4,500 to a new ceiling adjusted for inflation.

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- Medical Deductions - We applaud your efforts under the Hunger Prevention Act of 1988, to require FNS to simplify procedures on deductions for medical expenses. However, FNS changes to the regulations were so minimal as to have little impact. The current policy on medical deductions is a barrier to client access, is labor intensive, error prone, and has been subject to numerous FNS interpretations, resulting in a nearly unworkable policy.

  The Food Stamp Act currently includes a very effective procedure allowing states to develop a standard utility deduction, which any household can receive (at their option) if they have out-of-pocket expenses for heating or cooling. We propose that the Food Stamp statute be revised to include a similar procedure for deducting medical expenses.

- Treatment of Third Party Payments - The Food Security Act of 1985 gave the Secretary of Agriculture the authority to determine what types of non-cash assistance from state or local governments must be counted as income since the assistance is "comparable" to a general assistance program. This requirement has resulted in FNS promulgating regulations that

  - treat similar payments disparately since some are made from private sources (which are exempt) and some from local governments (which are not exempt),
  - result in a disincentive for local governments to provide much needed assistance (i.e. indirect payments for children's school clothes, shelter, food, etc.) for the very individuals the Food Stamp Program is intended to help,
  - result in complicated, error-prone procedures due to the multitude of local government programs involved,
  - are costly to administer (local government programs often provide one-time or irregular payments, which requires multiple budgeting), and
  - are inconsistent with AFDC and Medicaid policy.

  We propose that a provision be included in the Food Stamp reauthorization legislation prohibiting the Secretary from counting assistance from local governments as income in determining eligibility and benefits for food stamps.

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- Educational Assistance - As a result of various laws implemented over the last ten years, the Food Stamp Program has extremely complicated regulations on when to count or exempt educational assistance. Additionally, FNS requires states to obtain information from educational institutions specifying the intended use of the Title IV educational assistance.

  Unfortunately, Texas schools are currently unable to provide this information resulting in barriers to participation and an unworkable policy which frustrates the client, the staff at the educational institution and the state staff who administer the Food Stamp Program.

  We propose that the educational assistance policy be revised to count only the amount of educational assistance from any source which exceeds an amount determined by the U.S. Office of Education to be the average cost of attendance (excluding room, board, and child care) for either a privately or publicly-funded institution. These two amounts could be adjusted at regular intervals every few years. Such a policy would be much simpler to administer, yet would continue the same principle under current policy of counting any portion of educational assistance that is provided for normal living expenses.

- Verification Requirements - For over ten years, FNS has required clients to report and verify changes in income and expenses of more than $25 a month. The $25 limit was originally designed to impose a requirement on the client and the state to capture changes in income only when it was cost effective. With inflation over the last ten years, we believe this amount needs to be increased.

  We propose that the Secretary be directed to increase the floor on which changes must be reported so that they are reported only when it would be cost-effective.

COMPATIBILITY OF THE FOOD STAMP AND AFDC PROGRAM

- Dependent Care Deduction - We were pleased that the Committee had the foresight to include a provision in the Hunger Prevention Act of 1988 changing the Food Stamp dependent care deduction to be compatible with AFDC policy. However, the Family Support Act of 1988, increased the maximum deduction in the AFDC program. Therefore, we recommend that a provision be included in reauthorization legislation stipulating that the maximum deduction coincide with the maximum deduction in the AFDC program.

- Employment and Training - Although employment and training policies in the Food Stamp and AFDC programs concerning participation exemptions and penalties for noncompliance are similar and seem to have the same intent, they are different. These differences require states to administer separate policies resulting in increased costs and inefficiency (i.e. training, policy manuals, automation). In addition, the JOBS program under the Family Support Act created new requirements.

  The Food Stamp policy requires complex procedures to determine if the penalty for a member's noncompliance with E & T rules causes disqualification of the entire household or only the individual. Currently, when the entire food stamp household is disqualified, the effect is to deprive remaining family members of adequate food resources. AFDC policy simply requires the state to disqualify the noncomplying member

  - until the noncompliance ceases for the first offense,
  - at least three months for the second offense, and
  - at least six months for the third offense.

  We recommend that the Food Stamp statute be changed to be consistent with AFDC policy regarding exemption criteria and penalties for noncompliance. Regarding penalties we specifically propose:

  - limiting noncompliance disqualifications to the offending household member, and

  - instituting a progressive disqualification procedure consistent with AFDC policy for multiple noncompliances.

QUALITY CONTROL PRACTICES

Major reform of the QC system has been recommended by APWA and the National Academy of Sciences. Partial reform occurred in 1988 as part of the Hunger Prevention Act. The Department supports the APWA and National Academy recommendations. Copies of those recommendations are attached.

Texas Department of Human Services
December 1, 1989

(Attachments follow:)

FORM 1010
Instructions

APPLICATION FOR ASSISTANCE (AFDC, MEDICAID, AND FOOD STAMPS)

PURPOSE

1. To serve as an application and periodic review form for Aid to Families with Dependent Children (AFDC) and Children and Pregnant Women programs.

2. To serve as an application for initial and later certifications for food stamps and the Medically Needy Program.

3. To allow food stamp clients to establish their application filing date before they complete the entire form.

4. To serve as a screening document for food stamp clients who may be entitled to expedited service.

PROCEDURE

When to Prepare

The client completes one copy of the form when he initially applies for AFDC, medical assistance, and food stamps. The client also completes one copy for each AFDC and Children and Pregnant Women Program periodic review and food stamp and Medically Needy Program reapplication.

For non-PA food stamp applications, the head of the household, spouse, or a designated authorized representative may complete and sign the form.

For AFDC and medical programs cases, the client, a bona fide representative, or a guardian must complete and sign the form.

DHS staff assist the client if he is unable to complete the form and has no one else to assist. If DHS staff make entries on the form, both staff and the client must initial the entries. If DHS staff complete the entire form, they must sign the appropriate item.

Number of Copies

An original only.

Transmittal

File Form 1010 on the top right side of the client's casefolder.

Form Retention

See the Income Assistance Manager's Guide

DETAILED INSTRUCTIONS

Agency Use Only

Certification office staff complete the following items before mailing or giving the form to the client:

App./Recert. — Check the appropriate box to indicate whether the form is being sent to an applicant or client.

Category — Enter the category of assistance requested (AFDC, medical programs, food stamps, or AFDC/food stamps).

Date Form Req'd. — For clients initially applying, enter the date the application is requested.

Date Form Mailed — Enter the date the application is mailed or given to the client.

Complete the remaining items in the Agency Use Only section if the client returns the application.

The remainder of the form is client-completed and self-explanatory. To evaluate specific answers, refer to policies in the Income Assistance Handbook.

Note: The space for qualified provider is not to be completed by DHS staff.

I AM APPLYING FOR: SOLICITO:	☐ Food Stamps Estampillas para Comida	☐ AFDC (Aid to Families with Dependent Children) AFDC (Asistencia a Familias con Niños Dependientes)	☐ Medicaid Medicaid

CERTIFICATION

I understand that if AFDC is approved, the amount I receive could cause my food stamp benefits to end or be lowered. I understand that if this happens, I will not receive advance notice of the change to my food stamp benefits.

I understand that information on work is available from the Texas Employment Commission (TEC). Members of my household may be required to register for work, be interviewed, look for work and accept suitable work if offered.

I understand that AFDC household members who are required to register for work are automatically registered by this application.

I understand that if I am not satisfied with the decision on my application, I may request a hearing within 90 days of the date I am notified of the decision. I may also file a complaint with the civil rights officer if I feel I have been discriminated against because of race, color, religion, national origin, age, sex, disabling condition, or political belief.

I understand that DHS and state or federal agencies may verify any information that affects my eligibility. My signature below authorizes release of such information to the Department of Human Services.

I certify under penalty of perjury that the information I have provided on this application is true and complete to the best of my knowledge.

CERTIFICACION

Comprendo que si mi solicitud de AFDC es aprobada, el cheque de AFDC que reciba podría dar lugar a una reducción o una negación de mis beneficios de estampillas para comida. También comprendo que si sucede esto, no voy a recibir ningún aviso anticipado del cambio en mis beneficios de estampillas para comida.

Comprendo que la Comisión de Empleos de Texas (TEC) tiene información sobre trabajo. Ciertos miembros de mi casa pueden tener la obligación de registrarse para trabajar, tener una entrevista, buscar trabajo, y aceptar cualquier oferta de trabajo apropiada que reciban.

Comprendo que si mi casa califica para AFDC, todos los miembros de la casa que no están exentos del requisito de registrarse para trabajar serán registrados automáticamente por medio de esta solicitud.

Comprendo que si no estoy satisfecho con la decisión sobre mi solicitud, puedo apelarla dentro de un plazo de 90 días contados desde la fecha del aviso de la decisión. También puedo presentar una queja ante el director de derechos civiles si creo que me han discriminado por color, raza, religión, origen nacional, edad, sexo, incapacidad, o afiliación política.

Comprendo que el Departamento de Servicios Humanos y otras agencias federales o estatales pueden verificar cualquier información que tenga que ver con mi elegibilidad. Mi firma abajo autoriza la divulgación al Departamento de Servicios Humanos de tal información.

Certifico bajo pena de perjurio que la información que doy en esta solicitud es verdadera y completa a lo mejor de mi leal saber y entender.

Signature / Firma

Date / Fecha

Signature — Spouse / Firma — Esposo(a)

Date / Fecha

If you want someone besides the head of your household or spouse to receive and use food stamps for you, give his or her name and address:

Si desea que otra persona que no sea ni el responsable de la casa ni su esposo sea autorizada para recibir las estampillas para comida de usted y usarlas para beneficio de usted, dé el nombre y la dirección de esa persona.

Name / Nombre	Telephone / Teléfono
Address (Street, City, State, ZIP) / Dirección (Calle, Ciudad, Estado, ZIP)	

If someone helped to complete this form, please show name and address below.

Si alguna persona le ayudó a llenar esta solicitud, por favor, dé el nombre y la dirección de esa persona.

Name / Nombre	Telephone / Teléfono
Address (Street, City, State, ZIP) / Dirección (Calle, Ciudad, Estado, ZIP)	

FOR AGENCY USE ONLY PARA USO DE LA AGENCIA	Qualified Provider	Application Date	Date Approved

7. CHILD SUPPORT / SOSTENIMIENTO PARA NIÑO(S)

Complete the following about the children for whom you want AFDC/Medicaid:

Dé la siguiente información sobre los niños para quienes solicita AFDC/Medicaid:

NAME OF CHILD NOMBRE DEL NIÑO	MOTHER'S NAME NOMBRE DE LA MADRE	FATHER'S NAME NOMBRE DEL PADRE

YOUR INTERVIEW

Every application must be followed by an interview. Your caseworker will ask you about your case, and ask you provide proof of the information you give. You can turn one application for both AFDC and Food Stamps.

PENALTIES

FOOD STAMPS — Any member of your household who breaks the following rules may not get food stamps for six months for the first offense, 12 months for the second offense, and permanently for the third offense; may be fined up to $10,000 or jailed up to five years, or both; and may be prosecuted under other state or federal laws:

- **Don't make false or misleading statements, orally or in writing, or hide information to get benefits the household should not get.**
- **Don't use food stamps to buy non-food items, such as alcohol or cigarettes.**
- **Don't change authorization cards (ATPs) to get benefits to which the household is not entitled.**
- **Don't use or have in your possession improperly obtained food stamps or ATPs.**
- **Don't trade or sell food stamps or authorization cards.**

AFDC — If you give wrong or misleading information, you could be prosecuted, and be sentenced for up to 10 years in prison. You could be asked to repay benefits, have your check reduced, or be disqualified from getting AFDC.

MEDICAID — If you give wrong or misleading information or let someone else use your Medicaid Card, you could be required to pay back the state or federal government for any benefits issued incorrectly or be prosecuted.

SU ENTREVISTA

Cada solicitud requiere una entrevista. En la entrevista el trabajador hace preguntas sobre su caso y pide pruebas de la información que usted haya dado. Se puede solicitar ambos beneficios, estampillas para comida y AFDC, con una sola solicitud.

SANCIONES

ESTAMPILLAS PARA COMIDA — Si alguna persona de su casa viola una de las siguientes reglas, se le puede prohibir a esa persona recibir estampillas para comida durante 6 meses por la primera violación, 12 meses por la segunda, y permanentemente por la tercera; se le puede imponer una multa de $10,000, cinco años de cárcel, o ambas sanciones; y puede que sea acusada ante la corte bajo otras leyes federales o estatales que se apliquen a su caso:

- No dar información falsa ni engañosa, verbalmente ni por escrito, ni esconder información con el fin de obtener beneficios a los cuales las personas de su casa no tienen derecho.
- No usar las estampillas para comida para comprar artículos — como alcohol o cigarrillos — que no sean comestibles.
- No alterar las tarjetas de autorización para participar (ATP) con el fin de obtener beneficios a los cuales las personas de su casa no tienen derecho.
- No usar ni tener en su persona estampillas para comida ni tarjetas de autorización para participar que hayan sido obtenidas de forma indebida.
- No traspasar ni vender estampillas para comida ni tarjetas de autorización para participar.

AFDC — Si usted da información falsa o engañosa, pueden acusarlo ante la corte y la sanción para el culpable puede ser hasta 10 años en la cárcel. Le pueden pedir que devuelva los beneficios, le pueden reducir sus beneficios, o lo pueden descalificar para AFDC.

MEDICAID — Si usted da información falsa o engañosa o deja que otra persona use su identificación de Medicaid, le pueden pedir que pague al estado o al gobierno federal cualquier cantidad de beneficios que haya recibido sin tener derecho a ellos o pueden acusarlo ante la corte.

Do you (or anyone living with you) own or are you paying for a home, lot, land, life insurance, or other things?
¿Tiene o está pagando usted o alguien que vive con usted una casa, un lote, un terreno, una póliza de seguros de vida, o alguna otra cosa? .... ☐ Yes Sí ☐ No

Did you or anyone living with you sell, trade, or give away any cash or property during the last year?
Durante el último año, ¿traspasó, vendió o regaló usted o alguien que vive con usted dinero o alguna propiedad? .... ☐ Yes Sí ☐ No

4. INCOME / INGRESOS

What is the total income (money, cash, or checks) that you expect your household to receive this month?
¿Cuánto es el total de los ingresos (dinero en efectivo o en cheque) que han recibido o que van a recibir en este mes entre usted y todas las demás personas de su casa? .... $______

Do you or anyone living with you receive money from job training or work?
Recibe usted o alguna persona que vive con usted dinero de un trabajo o de entrenamiento para un trabajo? .... ☐ Yes Sí ☐ No

Does anyone in your household get cash, gifts, loans, or contributions from parents, relatives, friends, or others?
¿Recibe alguna persona de la casa dinero, regalos, préstamos, o contribuciones de los padres, parientes, amigos, u otros? .. ☐ Yes Sí ☐ No

Does anyone get any other money, cash, or checks? (Include school grants, scholarships, loans, child support, unemployment, government checks, etc.)
¿Recibe alguna persona de la casa otro dinero en efectivo o en cheques? (Incluya concesiones para la escuela, becas, préstamos, sostenimiento para niños, pagos por desempleo, cheques del gobierno, etc.) .... ☐ Yes Sí ☐ No

List all of your household's income below: / Dé la siguiente información para todos los ingresos recibidos:

NAME OF PERSON WORKING OR RECEIVING MONEY NOMBRE DE LA PERSONA QUE TRABAJA O QUE RECIBE EL DINERO	NAME OF EMPLOYER, PERSON, OR AGENCY THAT PROVIDES THE MONEY NOMBRE DEL EMPLEADOR, PERSONA, O AGENCIA QUE PAGA EL DINERO	HOW OFTEN RECEIVED? ¿CADA CUANTO LA RECIBE?	AMOUNT RECEIVED CANTIDAD RECIBIDA	IF SOCIAL SECURITY, ENTER CLAIM NO. SI ES SEGURO SOCIAL DE EL NUM. DE RECLAMO

Have you or anyone who lives with you worked in the past three months?
Durante los últimos tres meses, ¿trabajó usted u otra persona que vive con usted? .... ☐ Yes Sí ☐ No

5. LIVING ARRANGEMENTS / VIVIENDA

Check all boxes that apply to your household: / Marque las casillas que se aplican a su caso:

☐ Renting / Renta
☐ Own or Paying for Home / Soy Dueño de mi Casa o la Estoy Comprando
☐ Live with Relatives or Friends / Vivo con Parientes o Amigos
☐ No Permanent Residence / No Tengo Residencia Permanente
☐ Migrant or Seasonal Farmworker / Soy Migrante o Trabajo en la Labor Temporal del Campo

Monthly Rent or Payment Renta o Abono Mensual	Monthly Utilities Pago Mensual de Servicios	Telephone Teléfono	Tax on Home Impuesto de la Casa	Insurance on Home Seguro de la Casa	Does anyone else pay these expenses for you? ¿Hay otra persona que paga estos gastos por usted?
$	$	$	$	$	☐ Yes Sí ☐ No

Do you pay anyone to care for a child or other household member so that you can work or train for a job?
Para poder trabajar usted o para poder recibir entrenamiento, ¿paga el cuidado de algún niño u otro dependiente? .... ☐ Yes Sí ☐ No

If "Yes," how much do you pay? / Si marca "Sí," ¿cuánto paga? .... $______ per / por ______ (month, week, day) (mes, semana, día)

6. MEDICAL NEEDS / NECESIDADES MEDICAS

Are you or anyone who lives with you pregnant?
¿Está embarazada alguna mujer de su casa? .... ☐ Yes Sí ☐ No
If "Yes," who? / Si marca "Sí," ¿quién? ______

Does anyone have any unpaid medical bills from the past four months?
¿Tiene alguien de su casa cuentas médicas sin pagar de los últimos cuatro meses? .... ☐ Yes Sí ☐ No

Does anyone have health insurance?
¿Tiene alguien de su casa seguro médico? .... ☐ Yes Sí ☐ No

Does anyone have monthly medical costs (bills, medicine, insurance, transportation, home care)?
¿Tiene alguien de su casa gastos médicos mensuales (por ejemplo, cuentas, medicina, pagos de seguros, transporte, cuidado en casa)? .... ☐ Yes Sí ☐ No

Texas Department of Human Services

Form [illegible]

AGENCY USE ONLY / PARA USO DE LA AGENCIA						
Status ☐ App. ☐ Recert.	App./Case No.	Cat.	Date Requested	Date Mailed	Date Received	Date Received by Wrong Office
Former Recipient? ☐ Yes ☐ No	[illegible]	Mail Code	Elig. for Exped. Serv.? ☐ Yes ☐ No	Screened By		Appointment Date ♦ Time

APPLICATION FOR ASSISTANCE / SOLICITUD DE ASISTENCIA

(PLEASE PRINT / ESCRIBA CON LETRA DE MOLDE)

1. GENERAL INFORMATION / INFORMACION GENERAL

Applicant's Name (Last, First, Middle) Nombre del Solicitante (Apellido, Nombres)			Home Telephone No. Teléfono — Casa	Work Telephone No. Teléfono — Trabajo	
Mailing Address (Street, P.O. Box, RFD) Dirección Postal (Calle, Apdo. Postal, o RFD)	Apt. # Apto. #	City Ciudad	ZIP	County Condado	State Estado
Home Address (If different from above) — If rural, give directions: / Dirección de Residencia (si es diferente de la de arriba) — Si es rural, explique como llegar					
Have you ever used another name? ¿Usa otro nombre? .... ☐ Yes Sí ☐ No ♦ If "Yes," list other names: / Si marca "Sí," escriba los otros nombres que usa:					
Why are you asking for help now? / ¿Por qué necesita asistencia en este momento?					
How did you meet your expenses until now? / ¿Con qué dinero ha estado viviendo?					

2. HOUSEHOLD MEMBERS / MIEMBROS DE LA CASA

Fill in all blanks for everyone who lives with you, whether you consider them household members or not:
Haga una lista de todas las personas que viven con usted, considérelas miembros de la casa o no; llene todos los blancos para cada una:

NAME (Last, First, Middle) NOMBRE (Apellido, Nombres)	WHAT KIN TO YOU? RELACION DE PARENTESCO	DATE OF BIRTH FECHA DE NACIMIENTO			SEX SEXO	RACE RAZA	U.S. CITIZEN CIUDADANO DE LOS EUA		LEGAL ALIEN RESIDENTE LEGAL		IN SCHOOL ESTA EN LA ESCUELA		SOCIAL SECURITY NUMBER NUMERO DE SEGURO SOCIAL
		Mo. Mes	Day Día	Yr. Año			Yes Sí	No	Yes Sí	No	Yes Sí	No	
Applicant / Solicitante (a)	SELF YO MISMO												
(b)													
(c)													
(d)													
(e)													
(f)													
(g)													
(h)													

Do others live with you that you did not list above?
¿Hay otras personas que viven con usted que no están en esta lista?.. ☐ Yes Sí ☐ No If "Yes," how many? Si marca "Sí," ¿cuántas?.. ____________

Is anyone in your household disabled?
¿Hay en su casa alguna persona incapacitada? .... ☐ Yes Sí ☐ No

3. RESOURCES / RECURSOS

How much cash money do you and all those who live with you have (in pockets, bank accounts, anywhere else?)
Entre usted y todas las demas personas que viven con usted, ¿cuánto dinero tienen a su disposición (en los bolsillos, las cuentas bancarias, o donde sea?) .... $____________

How many cars, trucks, or other vehicles does your household have?
¿Cuántos autos, camiones, u otros vehículos tienen las personas de su casa? .... ____________

1. Year / Año ♦ Make and Model / Marca y Modelo	2. Year / Año ♦ Make and Model / Marca y Modelo	3. Year / Año ♦ Make and Model / Marca y Modelo

RESPONSIBILITIES

You may be asked to provide proof of what you write on your application or tell your worker. If you need help getting proof, your worker will help.

ALL PROGRAMS — You will be asked to prove where you live and the amount of income you get. You may be asked to provide other information, such as the amount of your bills, if it makes a difference in your case. Paycheck stubs, bills, bank statements, legal papers or statements by people outside the household can usually be used for proof. You must provide the social security number for each person in your household.

FOOD STAMPS — You will also be asked to prove who you are.

AFDC — You will be asked to prove that the children live in your home, how they are related to you, and their age. You will be required to help find the absent parent or establish who the legal parent is unless you have good reason not to. You must agree to let DHS keep any child support paid while you get AFDC.

MEDICAID AND AFDC — You will be asked to give information about any other medical insurance members of your household may have. You must agree to let DHS keep any medical payments made by others while you receive Medicaid.

Social Security numbers (SSNs) are used to collect information from sources other than DHS, to check the identity of household members, to prevent households from getting more benefits than they should, and to identify groups of cases that must be changed. We use SSNs to make sure your household is eligible. We do this through program reviews, audits, or computer matching with other agencies such as Texas Employment Commission, Social Security Administration, and Internal Revenue Service. Your alien status may be verified by Immigration and Naturalization Service (INS). This information may change your eligibility or benefits.

After you finish your application, you are required to report changes within 10 days. Report changes in your address, income, expenses, resources, people living with you, or other changes that could affect your case.

Information on race and sex is voluntary. It is used to make sure that benefits are provided without regard to race, color, or national origin. It will not affect your eligibility or benefit level.

RESPONSABILIDADES

Pueden pedirle pruebas de cualquier información que dé por escrito en la solicitud o que diga al trabajador. Si necesita ayuda para encontrar las pruebas, su trabajador tratará de ayudarle.

TODOS LOS PROGRAMAS — Le van a pedir pruebas de su dirección y de los ingresos que tiene. Si es necesario para su caso, le pueden pedir otra información sobre, por ejemplo, las cuentas que debe. Como pruebas, puede usar, por ejemplo: talonarios de cheques de pago, cuentas, balances del banco, documentos legales, o declaraciones de otras personas que no sean miembros de la casa. Debe dar el número de Seguro Social de cada miembro de la casa.

ESTAMPILLAS PARA COMIDA — Le van a pedir además que enseñe alguna identificación.

AFDC — Le van a pedir pruebas de que los niños viven en la casa de usted, de la relación entre usted y los niños, y de la edad de los niños. Le van a pedir que ayude a encontrar al padre ausente o a establecer la paternidad legal a menos que tenga usted motivo aceptable para no cooperar. Usted debe aceptar, mientras esté recibiendo AFDC, que DHS se quede con cualquier dinero de sostenimiento que pague el padre del niño.

MEDICAID Y AFDC — Le van a pedir información sobre cualquier otro seguro de salud que usted tenga. Usted debe aceptar, mientras reciba Medicaid, que DHS se quede con cualesquier pagos hechos por otros seguros de salud.

Los números de Seguro Social (SSN) se usan para obtener información de otras agencias fuera de DHS, para averiguar la identidad de los miembros de la casa, para evitar que las casas reciban más beneficios de los que deben recibir, y para identificar grupos de casos que requieran cambios. También usamos los números de Seguro Social para asegurar que la casa califique. Esto lo hacemos a través de revisiones de los programas, auditorías, o comparación por computadoras con los archivos de otras agencias como la Comisión de Empleos de Texas, la Administración del Seguro Social, o el Servicio de Impuestos Federales. El Servicio de Inmigración y Naturalización (INS) puede verificar su calidad de inmigrante. Esta información podría cambiar su elegibilidad para beneficios.

Después de entregar la solicitud, usted debe informar dentro de un plazo de 10 días de cualquier cambio de dirección, ingresos, gastos, recursos, personas que viven con usted, u otro aspecto de su vida que podría afectar su caso.

La información sobre raza y sexo es voluntaria. Se usa sólo para asegurar que usted reciba beneficios sin discriminación de raza, color, ni origen nacional. No afectará su elegibilidad ni la cantidad de sus beneficios.

TEXAS DEPARTMENT OF HUMAN SERVICES
APPLICATION FOR ASSISTANCE

DEPARTAMENTO DE SERVICIOS HUMANOS
SOLICITUD DE ASISTENCIA

Several programs are available to help you meet food, money, and medical needs. Before you receive help, you must meet requirements. Eligibility depends on income, resources, and other items.

FOOD STAMPS — Food stamps help low-income households buy food needed for good health. Eligible households receive food stamps within 30 days. Texas provides food stamps within one day if:

- **You have very little income or resources.**
- **Your income and resources are not enough to cover your housing costs.**
- **You have no permanent place to stay, or**
- **Your household includes migrant or seasonal farmworkers**

"Household" usually means the people who live and eat together. If someone is over 60 or disabled, different rules may apply.

If you are eligible, benefits are provided from the date you turn in your application. You can ask someone else to fill out the form to apply for food stamps for your household.

AFDC — (Aid to Families with Dependent Children) Families with children can get cash and medical help. To be eligible, at least one parent must be out of the home, disabled, or not legally related to the child. If you are eligible, you will receive your first check within 45 days. You will also receive Medicaid.

MEDICAID — Medicaid may help pay for medical bills of a child or pregnant woman if the medical bills have not been paid, or if the household expects medical bills that the household won't be able to pay. Family members who are not eligible for or do not want AFDC may also be covered. Medicaid coverage can begin as early as three months before the month you turn in your application.

Try to fill out as much of the form as possible. Turn in your application today even if you cannot answer all the questions. Your name, address, and signature must be shown.

Hay varios programas que pueden ayudar a satisfacer las necesidades de comida, dinero, y atención médica. Para calificar para esta ayuda, hay ciertos requisitos. La elegibilidad depende de los ingresos, los recursos, y otras cosas por el estilo.

ESTAMPILLAS PARA COMIDA — Este programa ayuda a las casas que tienen bajos ingresos a comprar la comida necesaria para mantener la salud. Las casas que califican reciben sus estampillas para comida dentro de un plazo de 30 días. El estado de Texas expide las estampillas para comida en un solo día si el solicitante:

- Tiene muy pocos ingresos y recursos muy limitados.
- No tiene suficientes ingresos y recursos para cubrir los gastos de vivienda.
- No tiene lugar permanente donde vivir, o
- Tiene entre los miembros de su casa migrantes o trabajadores en la labor temporal del campo.

Aquí las frases "las personas de la casa," o "los miembros de la casa," se refieren a cualquier grupo de personas que viven y comen juntas. Si alguna de las personas de la casa es mayor de 60 años o es incapacitada, puede haber reglas especiales que se aplican.

Las personas que califican reciben beneficios para todos los días contados desde el día que se entregue la solicitud. El solicitante puede pedir ayuda de otra persona para llenar la solicitud de estampillas para comida para su casa.

AFDC — (Asistencia a Familias con Niños Dependientes) Las casas elegibles que tienen niños pueden recibir dinero en efectivo y asistencia médica. Para calificar, el padre o la madre — por lo menos, uno de ellos — tiene que estar ausente del hogar, incapacitado, o no tener ningún parentesco legal con el niño. Las casas que califican recibirán su primer cheque dentro de un plazo de 45 días. También recibirán Medicaid.

MEDICAID — Medicaid puede ayudar a pagar cuentas médicas de un niño o de una mujer embarazada si se deben cuentas médicas — o se esperan cuentas — que la familia no puede pagar. Si los miembros de la casa reciben AFDC con la excepción de ciertas personas que no califican, o que no la desean, es posible que las personas que no califican para AFDC sí, sean cubiertas por Medicaid. Medicaid puede cubrir cuentas médicas hasta de 3 meses antes del mes que se entrega la solicitud.

Trate de contestar todas las preguntas de la solicitud. Entréguela hoy mismo, aun si no puede contestar algunas preguntas. No olvide que la solicitud debe tener su nombre, su dirección y su firma.

Name (Last, First) / Nombre (Apellido, Nombre)

X ______________________________
Signature — Applicant / Representative
Firma — Solicitante / Representante

____
Date / Fecha

Street / Calle

Apt. / Apartamento

City / Ciudad

State/Estado

ZIP

Form 1010 [illegible] / 10-89

Texas Department
of Human Services

Form QC-880
January 1980

MEDICAID QUALITY CONTROL WORKSHEET

PRIVACY ACT/PAPERWORK ACT NOTICE: This report is required under provision 42 CFR 431.800. This information is needed for the review of State performance in determining recipient eligibility. The information is used to determine State compliance and failure to report may result in a finding of non-compliance.

A. IDENTIFYING INFORMATION

1. Program Under Review TP-	2. Region	3. County No.	4. Case Name	5. Case No.
6. Address (Street, City, State, ZIP)				
7. Direction to Locate				
8 Telephone No.	9. Certification Period From: To:	10. Review No. CP	11. Review Date	
12. Date Most Recent Opening/Cert.	13. Most Recent Action — A. Type B. Date	14. Reviewer(s)		
15. Date(s) Assigned	16. Date of Case Reading	17. Date(s) of Home Visit(s)		
18. Date(s) Completed	19. Supervisor	20. Date(s) Cleared		

B. BENEFICIARY

	NAME	DATE OF BIRTH	AGE	RELATIONSHIP OR SIGNIFICANCE	SOCIAL SECURITY NO.	[illegible]	[illegible]
1							
2							
3							
4							
5							

C. SIGNIFICANT PERSONS

	NAME	RELATIONSHIP OR SIGNIFICANCE	SOCIAL SECURITY NO.	ADDRESS
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				

D. REVIEW FINDINGS

Medicaid Eligibility Status

☐ Eligible

☐ Eligible with Ineligible Members

☐ Liability Understated

☐ Liability Understated with Ineligible Members

☐ Liability Overstated

☐ Liability Overstated with Ineligible Members

☐ Totally Ineligible

☐ Not Reviewed

Initial Liability Error $

Number Elements in Error

TESTIMONY OF
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THE FOOD DISTRIBUTION PROGRAM
OF THE
TEXAS DEPARTMENT OF HUMAN SERVICES
FOR THE
AGRICULTURE SUBCOMMITTEE ON DOMESTIC
MARKETING, CONSUMER RELATIONS
AND NUTRITION
U. S. HOUSE OF REPRESENTATIVES

DECEMBER 1, 1989

Chairmen, Members, and Staff:

I am Wayne Kuykendall, Supervisor, Food Distribution Division, Texas Department of Human Services. This Committee has already received testimony from members of the National Association of State Agencies for Food Distribution representing state agencies involved in the distribution of USDA-donated commodities. We support their recommendations and believe it would serve no purpose to repeat their testimony today. Therefore, I would like to share with you just a few additional recommendations that, if implemented, would facilitate our ability to be more responsive to the needs of recipient agencies in Texas. Before I continue, however, I would be remiss if I did not commend the hard work of this Committee on the passage of the Commodity Distribution Reform Act and WIC Amendments of 1987 (P.L. 100-237). Never in the history of the commodity program has there been a single piece of legislation that has had such a positive impact on the Food Distribution Program as did this Act. Certainly this legislation was a clear message to USDA and State Distributing Agencies that major and immediate improvements were needed if the Food Distribution Program is to continue as a viable food support effort for the National School Lunch and other domestic food help programs. As a result of the Commodity Reform Act, a number of positive changes have occurred. For example: Food specifications developed by USDA have reduced the tolerance level for salt, sugar and fat in the donated foods resulting in the availability of healthier foods; communications among federal, state and local agencies have improved significantly so that recipient agencies are better informed on issues relating to the commodity program; and state distribution systems are being studied and upgraded.

In spite of program enhancements, the commodity program has been a source of frustration this year for our contractors. We are well into the school year and, traditionally, have received by this time the major portion of commodities. However, to date Texas and other states have received only 30 to 40 percent of foods anticipated this year. Although the Secretary of Agriculture is mandated to provide schools a certain level of commodity assistance, it serves little or no purpose if the foods are received so late in the school year that they cannot be utilized before the summer vacation begins. Since adequate food supplies have not been delivered in Texas, it has been necessary for recipient agencies to draw on already limited school funds to purchase the needed food products. Something needs to be done that would help ensure that there is an even and steady flow of commodities throughout the school year thereby eliminating or at least minimizing the problems just mentioned. A more stable or predictable system of food allocations would offer invaluable assistance to our recipient agencies in areas such as menu planning, developing local purchase programs, and storage requirements, to name only a few. We recognize that there are complexities in the acquisition and delivery of donated foods; however, from a user's perspective, and common sense should dictate, that they have a right to be advised as to what commodities they will receive, how much and when they will be delivered. It is my contention that answers to these three questions would eliminate many of the problems in the Food Distribution Program.

The Hunger Prevention Act of 1988 required the Secretary of Agriculture to purchase additional commodities for distribution to needy families through the Temporary Emergency Food Assistance Program and also directed the Secretary to purchase several million dollars in commodities for soup kitchens and food banks as a way of providing food for the homeless. Major storage and distribution problems developed for State Distributing Agencies when the bulk of foods for soup kitchens was purchased and delivered all at one time. Texas, like other states, had little opportunity to identify those feeding organizations which met the definition of a soup kitchen, and even a shorter time to survey those organizations regarding the types and quantitites of available foods they could use. Texas accepted its total allocation of these foods with the thought that if we could not distribute the commodities to soup kitchens we could obtain authorization from USDA to transfer the foods to the traditional outlets, i.e., schools, charitable institutions, etc. However, we later learned USDA's interpretation of the Act does not allow states this flexibility.

It is our understanding that the quantity of foods purchased for soup kitchens is in excess of the needs of the homeless population in Texas and other states. A portion of these funds could be used to a much greater advantage in purchasing additional foods for the TEFAP Program or provide flexibility to states in allocating excess commodities to other eligible outlets. We also recommend that the Secretary be required to review the timeliness of the current distribution process and make appropriate changes to better meet the planning needs of recipient agencies.

I would like to briefly touch on another subject relating to the Food Distribution Program. The loss of USDA-donated cheese and nonfat dry milk as available commodities has had a significant impact on local feeding programs. You will hear testimony from school food service directors who will be more precise in describing the impact that the loss of these two commodities has had on the School Lunch Program. To simply request that the Secretary of Agriculture make these products available for the School Lunch Program and other food help programs would fail to recognize the complexities that are present in the dairy support program. I can only report to you that these foods, which school feeding programs have come to depend on, are extremely important to the Food Distribution Program and anything you might do to ensure their continued availability would benefit the millions of children who participate in the school lunch program daily.

Finally, I would request that this Committee consider administrative funding for the Food Distribution Program. It is my understanding that with the exception of Food Distribution all other food help programs administered by the Food and Nutrition Service have a legislative base for administrative costs. We are grateful the Secretary has provided some funding to assist State Distributing Agencies, but in Texas, for example, these funds cover only ten to fifteen percent of actual program costs. Although our financial needs in Texas have been temporarily resolved as a result of a transfer of excess administrative funds earned by the Texas Education Agency, there are many states without adequate resources. This is especially the case now with the enactment of the Commodity Reform Act which, while making many improvements possible, does place extra administrative and financial burdens on state agencies.

Thank you for the opportunity to testify today. I will be happy to respond to any questions you may have.

Texas Department of Human Services
12-1-89

TESTIMONY OF THE TEXAS DEPARTMENT OF AGRICULTURE

Good morning. My name is Kathleen Fitzgerald and I am the Director of Food Assistance Programs for the Texas Department of Agriculture. I have been asked to testify today specifically about a new TDA initiative, the SOS, or Share Our Surplus, program, but I would like to begin by discussing briefly why and how TDA is involved in hunger relief work.

Commissioner Jim Hightower has often said that everyone who eats is involved with agriculture. What is seldom mentioned is that the increasing number of Americans who are missing meals and whose children are going to school hungry are also involved in agriculture -- in an agricultural system that is not working for them. Farm and agricultural policy has become complicated -- policy discussions revolve around target prices, debt payments, restructuring, and other terms which are certainly of crucial importance to America's farmers but which also obscure the basic truth that agriculture is about producing food to feed people.

The goal of TDA's food assistance programs is to provide Texas farmers with the tools to serve the hunger needs of rural and urban Texans. The programs are designed to do two things: (1) create special programs to meet the immediate food needs of low-income Texans, and (2) institute long-term programs that will reduce the causes of hunger and increase food self-sufficiency.

In 1988, TDA successfully lobbied USDA to allow Texas farmers market associations to become certified to accept food stamps. As a result of the rule change, there are now over 25 farmers market associations across the state that are certified to accept food stamps, serving well over one million food stamps customers. The ability to accept food stamps has significantly increased business in selected markets, and some of the associations are expanding successfully into low-income communities. Certification to accept food stamps is good business for the family farmers selling in the markets and provides a smart shopping choice for low-income consumers.

The farmers market coupon program is another initiative to bring together low-income consumers and Texas small farmers. The coupon programs are designed to: provide food assistance to low-income Texans, increase farm income for Texas small farmers, and develop a long-term relationship between small farmers and low-income consumers.

Based on the results of a TDA 1988 pilot coupon project for WIC clients in San Antonio, Texas was chosen as one of ten states to receive federal funding made available by the Hunger Prevention Act of 1988 to conduct an expanded program in 1988. The federal grant was supplemented by a state appropriation. Through the program (which was conducted this year by the Texas Department of Health in cooperation with TDA), coupon packets were distributed to 57,000 WIC clients in eleven Texas communities during the summer. The clients could use the coupons to purchase fresh produce at local TDA-certified farmers markets. In many cases, the farmers established special markets in the parking lots of the health clinics serving WIC clients. By the time the program ended on September 30, 1989, 84 percent of the coupons had been used in the markets. This translated into $750,000 in coupon sales for the farmers in the markets and over one million dollars in sales once food stamp and cash sales generated by the coupons are included.

TDA also conducted a successful farmers market coupon program for senior citizens in cooperation with the Texas Department on Aging.

Clearly, farmers market coupon programs work. They provide a necessary nutritional supplement to at-risk populations, while increasing income for small farmers. In the long run, coupon programs develop a new clientele for farmers markets: almost 60 percent of the 1989 participating WIC clients responded in a follow-up survey that they had never been to a farmers market before, but over two-thirds said they will continue to shop at farmers markets even without coupons.

TDA is beginning to work with community groups on projects to do production to meet local food needs. Community farming has a huge potential in many areas in Texas, and low-cost greenhouses are a realistic option for year-around production in less temperate, or heavily-populated areas.

The SOS (Share Our Surplus) program is a response to the immediate need for emergency food for Texas's growing number of poor.

The SOS Network is a cooperative effort of agricultural, church, food bank, union, transportation and government groups to identify surplus agricultural product and get it to the low-income Texans who need it. The network is designed to:

* Provide Texas farmers with a process for the timely distribution of surplus food to food assistance agencies.
* Increase the amount of nutritious food available for distribution to the hungry in Texas, especially in currently underserved rural areas.
* Coordinate the activities of agencies doing emergency food distribution.
* Expand the number of groups that are contributing to the anti-hunger effort in Texas.
* Increase understanding and cooperation between agricultural and urban groups.
* Provide a model system to be replicated in other states.

As the prospects for a quick economic recovery in Texas dim, and the inadequacy of existing public and private efforts becomes evident, the need for a statewide program to increase the amount of food available for the needy in Texas has become clear. The SOS (Share Our Surplus) Task Force was formed to address this need. The task force is composed of representatives of the various groups necessary to make a comprehensive surplus food distribution system effective in Texas — farmers, processors, food banks, churches, unions, community groups, the transportation industry, grocers, and government agencies. These individuals are leaders in their communities and are committed to working to remove the barriers that currently hamper food assistance efforts and to providing an efficient network for getting food to those who need it. Together they represent all the components necessary for an effective hunger relief program. (See attachments).

The recession of the 1980s hit Texas hard. After enjoying fast growth in the 1970s, the state's economy is struggling to recover from the collapse of the oil and agricultural industries in the 1980s. Texas' economic situation is not unlike that of many Third World countries — without a diversified economy the state experienced a severe contraction when the bottom fell out of the market for the state's two major products. And like the situation in many developing nations today, the economic crisis is taking its toll in hard, human terms.

In Texas, widespread hunger has appeared for the first time in decades. In 1986, the Physicians' Task Force on Hunger in America found that 29 of the "hungriest" counties in America were in Texas. In 1987, four million Texans spent some portion of the year hungry, according to a statewide survey. Doctors report seeing cases of kwashiorkor and marasmus among school children for the first time. These diseases, associated with acute malnutrition, were previously only seen in Third World countries.

In the last eight years, over one million Texans have fallen into poverty. That is roughly equal to the population of Dallas. Over three million Texans now live in poverty, 50 percent more than in 1980; over one million of these are children. Texas public assistance programs have been underfunded by state government. This left state agencies unequipped to deal with the increased demand for services in the 1980s. Although enrollment in public assistance programs has increased in the state, many needy Texans do not benefit from public programs and the assistance for those who do is not sufficient to lift them up out of poverty.

While millions of Texans suffer from the lack of adequate food, tons of nutritious Texas agricultural products go to waste every year. The SOS Task Force has been charged with designing a system to identify this surplus product and get it to the Texans who need it.

According to a 1977 GAO report, 20 percent of the crops planted for consumption in the United States annually are wasted at some point during harvest, storage, processing or transportation. It is estimated that this amounts to approximately 137 million tons of food a year in the U.S., or enough to feed over 49 million people. Texas is the nation's number two agricultural producing state, marketing over five billion pounds of edible product in 1987. Although no comprehensive study has been done on the amount of product lost in Texas each year, there is no reason to believe that it is significantly less than the 20 percent national average, and Texas farmers concur that waste is significant. Considering the magnitude of Texas production, the potential is great for salvaging a significant amount of product. In addition, the wide range of fruits, vegetables, and other products produced in Texas will not only increase the total amount of food available for distribution, but it will also improve the nutritional value of the donated food available for low-income Texans.

Many groups are now involved in doing emergency food distribution in Texas, but they are limited in their effectiveness by the extent of their individual resources. The Share Our Surplus Task Forces was formed to bring these groups together.

The task force's goal is to pool resources to form a statewide system that will make the greatest amount of surplus, nutritious food available to needy Texans.

The SOS Task Force is working to achieve this goal by establishing a communications network with a central coordinating office in Austin. The office is equipped with a toll-free hotline to be used by donors and distributing agencies, and acts as liasion for the various groups involved in the effort. The office is a resource base for donors and distributors, coordinates volunteer activities, provides technical assistance, and works on expanding the network and the scope of its activities. The SOS staff actively recruits farmers, shippers and processors to participate in the network.

Each group participating in the SOS initiative will provide an important component in the process of getting products from the field or packing sheds to food banks and pantries doing direct distribution to the hungry. For example, church groups, seniors groups, Future Farmers of America, unions and other voluntary agencies will provide the labor necessary to harvest and package donated crops. The Texas Motor Transportation Association has made connections with trucking firms in Texas that are ready to haul food free. The food banks, unions, churches, and community agencies provide a network of distribution outlets. The Texas Department of Agriculture is currently working the Texas Farmers Union, the Texas Federal Inspection Service and various agricultural trade groups on outreach about the SOS program to the farming community and to identify a core group of agricultural donors.

The resource information provided to the SOS Network office is being collected and computerized and provides the operating base for the SOS program. This puts the names and capabilities of farmers, voluntary groups, transportation companies and emergency providers at the fingertips of SOS staff and can easily be made available to other service organizations in the form of a resource directory.

The SOS Network office provides the link between donor and receiver groups and provides necessary coordinating and technical assistance. The SOS staff assesses the capabilities of distribution facilities, considering available storage space, refrigeration, and volume to ensure that food is not lost before it can be distributed. The SOS office provides information to participating agencies on issues such as liability and how to take tax deductions for donated product. In addition, the office will have the resources to provide information to clients and do outreach to agencies and low-income individuals about nutrition services and available food assistance programs.

The SOS program officially began on June 1, 1989. It is run out of the Austin offices of the Texas Department of Agriculture. The first months of operation have been dedicated to fundraising, doing outreach about the program to the Texas agricultural community, identifying agencies that do distribution to the needy that could receive products donated through SOS, and recruiting volunteers and trucking companies to the program. In addition, during the spring, 1989 legislative session SOS Task Force members worked successfully for the passage of legislation extending Texas's Good Faith Donor to limit farmers' liability when volunteers are gleaning their field for donation to the needy.

Over 6,000 farmers have received letters explaining the SOS program and asking for support. Six hundred and forty-seven distribution agencies are lined up ready to receive and distribute donated food. Many volunteer agencies and all the major Texas trucking companies have signed onto the program and will provide their services for free. Approximately $45,000 has been raised for the costs of operating the program. This pays for one full-time field coordinator, a part-time Austin staffer, travel, telephone, printing, and computer expenses.

To date, about 100,000 pounds of food have been donated through the SOS program. While this is a significant amount, the program is nowhere near realizing its potential. The major job to be done now is in the field--explaining the program to farmers and then being there at harvest time to remind them that it exists and to make arrangements for the harvesting, transportation and distribution of donated product. The necessary communication system now exists, and there is an ample core of volunteers and distribution agencies. All that's missing is adequate donated food. And that certainly exists. We hear all the time about farmers who have just plowed a field under and packing sheds that have dumped product, simply because they had not yet heard about the SOS program.

The Extension Service could begin to play a crucial role in working directly with farmers to make participating in the SOS program second nature for them. County Extension agents have daily contact with the farmers in their communities and are looked to as sources of information on helpful programs available to farmers. In addition, they know what the current crop "inventory" in their counties is. If there is going to be a surplus of a particular crop, if an area crop is damaged by weather, they will soon learn about it. They are on the front-line and can play an invaluable role by providing farmers with information about the program and providing SOS staff with information about when they expect surpluses to occur in their areas so preparations can be made to get it donated and distributed. While the SOS

Field Coordinator is now contacting farmers and is very effective, the size of the Texas farm community requires additional help. Essentially what I am suggesting is that the Extension Agents could promote and serve as the eyes and ears of the SOS program -- identify thousands of pound of nutritious food that could be feeding Texans in need.

The Extension Service Home Economics staff and Expanded Food and Nutrition Education Program staff could also provide a nutrition and food preparation component for the SOS program that could give it more depth and increase the long-term good it does. The SOS program is now identifying hundreds of churches, labor, senior citizen and community groups that do food distribution to the needy. SOS could make the connections between Extension Service nutritionists and distribution agencies in their counties which would be interested in organizing nutrition classes for their clients.

The Extension Service's cooperation can ensure that SOS, and other programs like it nationwide, are truly successful. In addition, however, we need recognition by USDA that hunger is an acute problem, not just in Texas but all over the United States — including in some of the nation's once-prosperous farm communities — and a more flexible attitude toward allowing food to be donated through other farm programs. For example, Lubbock County farmer Clardy Hamilton planted 60 acres of CRP set-aside land with black-eyed peas this year. The peas enriched and protected the land. Black-eyed peas are an excellent cover crop — they are also an excellent source of protein, when dried are not perishable, are easy to prepare and popular in Texas. Mr. Hamilton made arrangements to harvest the peas and donate them to the Lubbock Food Bank. When the time came, however, he was told that the peas could not be mechanically harvested, which would violate CRP land regulations. The peas could be harvested by hand and donated to the food bank, but that was logistically impossible to arrange.

Carolyn Lanier, Director of the Lubbock Food Band had 120 acres of black-eyed peas grown on set-aside land offered to the food bank this year, but with the no-mechanical-harvesting decision by USDA, she could only arrange for 10 percent of the peas to be harvested by hand. That took fourteen days although arrangements had been made for them to be harvested free by combine. The rest was lost. A real explanation for why the peas had to be harvested by hand was never provided to either the farmers or the food bank. Clearly there was not a danger that the peas would enter the market. But Mr. Hamilton's $40,000 payment was too high a price to pay to buck regulations and make the donation.

Clifford Hamilton also farms in Lubbock County. He regularly donates pinto beans, tomatoes, watermelon and other food to the food bank. He estimates that there are several million acres of set-aside land in that area that could be used to grow food that would satisfy CRP requirements and provide a source of food for the food bank. But without mechanical harvesting, the potential for this effort will be severely limited.

The black-eyed pea story is, unfortunately, a typical example of how ponderous government bureaucracy can stand in the way of farmers trying to help their neighbors and to do what farmers really do -- feed people.

(Attachments follow:)

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THE SOS NETWORK IS A COOPERATIVE EFFORT OF TEXAS

agricultural, church, food bank, grocery, labor, food industry and transportation organizations and government agencies to identify surplus agricultural products and get them to the low-income Texans who need them. Through the Network:

Farmers with surplus food products will be able to distribute their surplus through established food assistance agencies;

Church groups, senior citizens, agricultural youth groups, labor organizations and other volunteers will assist in the harvesting and distribution of the products;

Trucking companies, food retailers, processors and wholesalers will provide free transportation for surplus food to food distribution agencies;

Food processors will add their surplus to the effort and, in some cases, will process donated farm products for the emergency food distribution agencies; and

Food banks and food pantries will be directly linked to Texas farmers and will be able to supplement their resources with shipments of farm-fresh, nutritious food.

This is the first statewide effort in the nation to bring together all the pieces in the food production process to feed those who are in need. Farmers and truckers, food processors and distributors, food stores and food banks are all pulling together to bring food to the Texans who need it.

The SOS Hotline is a 24-hour service of the Texas Department of Agriculture to connect farmers, food assistance agencies, and volunteers to get food from the field to food banks and food pantries. Farmers, volunteer organizations and food distribution agencies can call **1-800-9929-SOS** at any time for more information or to become part of the SOS Network.

"The world's food system is one large extended family. An issue like hunger makes us aware that we are all in this together–farmer and grocer, trucker and churchgoer."

Jim Hightower

Jim Hightower
Texas
Agriculture
Commissioner

FARMERS

When you have surplus food crops–or know you will have some–call the SOS Hotline so we can make arrangements to transport your product to food assistance agencies. In many cases, we can also work with volunteer groups to harvest surplus crops in the field.

VOLUNTEERS

If you are a member of a church group, senior citizens' organization, youth or agricultural group, labor organization or a volunteer group and want to be a part of the SOS Network, please call us. We need help harvesting and gleaning fields, packing and bagging produce to get it from the farm to those who need it.

HOW IT WORKS

The farmer calls the Hotline.

The Hotline calls nearby food assistance agencies, trucking companies, volunteer harvesters and packers (if necessary).

Food is collected from the farmer and transported to the food distribution agency.

Food is distributed to those in need by the agency.

For more information, contact:

SOS Network,
Texas Department
of Agriculture
P. O. Box 12847
Austin, Texas 78711
or call the SOS Hotline

at 1-800-9929-SOS

TESTIMONY OF MARIA GOMEZ
BEFORE THE HOUSE COMMITTEE ON AGRICULTURE
FOOD STAMP PROGRAM
December 1, 1989

My name is Maria Gomez. I have four children, the oldest is 22 and the youngest is 11 years old. I have always worked as a farmworker, but for the past two years I have worked at the Union office in San Juan. I usually work there for about six months. During the summer I take my family to work in different states. Sometimes we go to Michigan, or Indiana, or Oregon and Idaho, and we have also gone to California. For the past 15 years, during the periods that I do not work and that we do not make enough money, I receive food stamps. There have always been problems when I reapply for food stamps because they always go by the amount of money I earned the month before without taking into consideration the expenses of the trip or the bills that had to be paid with those earnings. Usually by the time we are ready to come back home we have already spent the money we earned. It is hard having to wait for the food stamps and then only receiving a small amount. I also live in Colonia Las Milpas. Most of the residents there also receive food stamps. Since most of the people living there know that I work at the Union office they come to me for help in resolving their problems at the food stamp office.

Some of the frequently reported difficulties include:

1. Verification Letters - Information regarding family size, income, and current employment status is often obtained by interviewing a neighbor. This is an embarrassing situation because

this information is a private matter and it is impossible for neighbors to verify. In other cases a husband living apart from the family or a boyfriend not residing in the same household is asked to verify information concerning their residency or income that may be contributed to the household. In several cases husbands or boyfriends have refused to cooperate and this resulted in the head of the household not being able to obtain food stamps.

In other cases, an employment/income verification statement is required from the employer. Some employers refuse to fill out the forms or are late in returning them. Often time the employer will not want to deal with filling in the form and will simply fire the employee. This results in food stamp cases being put on hold or closed and clients spending time trying to reapply for their benefits. An example of this is the case of a young man I know of who is married and has two children. He worked in the fields at the time he applied for food stamps. Even though he took in his check stubs the case worker instructed him to obtain employment/income verification from his employer. He tried several times to contact his crew leader but was unsuccessful. Finally, he decided to wait until he showed up. When he was able to talk to the crew leader and asked him to fill out the form, the crew leader informed him that there was no need to fill out the form because he no longer had work for him there. We handle a lot of cases like this at the Union office. Whenever the employer has refused to fill out the form or cannot be contacted, we then prepare a notarized statement to be presented to the food stamp office indicating that the crew leader will not sign the form.

2. Job Search Requirements - The majority of the applicants are required to complete a form that requires 24 job searches in a 3 month period or 3 per week for 8 weeks. This is more than the unemployment office requires and results in extra paper work for the client, the food stamp office, and the unemployment office. Many of the applicants cannot afford the gas money required to complete this requirement and the probability of finding work is low when the occupation is seasonal field work. This policy also discriminates against the migrant farm workers because they are required to fill this job search form each time they move out of the state and reapply for food stamps. Other applicants are required to meet this requirement once a year. A common problem faced by these farmworkers is that many of the employers that they contact refuse to sign the form. This results in the applicant spending more of their limited funds to complete the form with the required work-search verification signatures. Another problem exists when pregnant women are required to seek employment when they are in the last month of their pregnancy. I know of one young mother who is 18 years old and was 7-1/2 months pregnant. Although her husband was working she was required to look for work. She informed her case worker that it was difficult for her to move around and it would be a hardship for her to attempt to look for work. She was told to either look for a job or loose their benefits. After trying to find a job and being rejected over and over again she came to the Union office for help.

A call was made to the food stamp office to ask if they would take responsibility in case she her health was affected for reasons due to her job search requirement, and if so, then she would go ahead and try to comply. Because of this call the food stamp office waived the requirement and continued their food stamp benefits. Most pregnant women are faced with having to obtain a statement from their doctor in order to waive this requirement. This statement usually costs the applicant $25.00.

3. Delays in Receiving Food Stamps - Clients frequently have their food stamps cancelled or receive their benefits late in the month because additional information is requested. If this information is not entered in the computers in a timely manner, the client receives a letter stating his/her food stamp case has been closed. In some cases, the client has been requested to obtain additional information and this information has to be returned before they even receive the letter. This sometimes happens because clients live in colonias where they must drive to town to pick up their mail. If they do not have the gas money to go into town to pick up their mail, or if the road conditions are poor, they may not receive these notices for a week or so. In other situations files have been lost or a caseworker wanted additional information and was unable to reach the client.

4. Office Errors - There seems to be a lack of communication between the case worker and the supervisor. Whenever a problem arises and the caseworker fails to communicate the problem to the supervisor, the client suffers the consequences.

This usually means the client will have to wait for a period of two to three weeks before getting food stamps or the food stamp amount is reduced or both. An example of this is the case of an 18 year old woman who worked picking tomatoes. She went to apply for food stamps. She was asked to bring in her check stubs. She took in the check stubs and was then asked to bring in an employment/income verification from the employer. She also complied with this requirement. At the last interview she was told everything was in order and she would be contacted later to inform her of the date and amount of benefits she would be receiving. At that time she saw her caseworker take the application and drop it in the trash can. Several days later her caseworker called her to ask why she had not returned her application. When she met with him again he told her he had filled out two applications because he had made a mistake on the first on and he had accident thrown away the corrected application. He had called her because he thought maybe she had taken the corrected application with her by mistake. He asked her to complete another application. It was at this point that she came to me. We filled it out and she returned it the same day. I told her to keep calling to find out if he was processing the application. Her case worker kept telling her he was still working on it. After two weeks I told her she needed to talk to the case worker's supervisor because what he was doing was not right. She later met with the supervisor and the case worker. A week later she received her food stamps. However, they were only for half a month instead of from the date she had applied. She had applied the first week of the month. During all this she was assigned to a different case worker. When she complained to the caseworker about the amount of the food stamps she was told that it was based according to the information found in the file. They had used the date of the second application instead of the date she had actually applied. The following month, she continued to receive the same amount. She asked that the case be reviewed but was told that the following month she would get the correct amount. She never received the additional stamps she was due for the month the applied and the following month.

Another example of this type of problem resulted when a worker accidentally forgot to input all of the information on the computer and, therefore, the report was returned to the office. The worker was away for a week and no one notified the client of the situation. The case was closed and the client had to wait until the caseworker returned to resolve the situation and receive a manual ATP for late stamps. In other cases the computer information had not been corrected in a timely manner and clients were asked to continue to submit the same information for several months or to continue filling out a new application each month. Another situation is that office workers are not always properly informed of the client's rights and, therefore, are inconsistent in giving out information or accepting applications, etc. A contributing factor may be that the case load is too high. This creates a situation where workers may not have the time or emotional energy to properly or humanely handle the paperwork or situation that they encounter.

RECOMMENDATIONS:

1. The manner the type of information that needs to be verified should be reviewed for changes. Are there ways to reduce the documentation necessary to qualify for food stamps?
2. Alternatives need to be developed so that food stamps are not canceled if there is difficulty or delays in obtaining the requested information.
3. The case load for workers needs to be reviewed and reduced as much as possible. The training program for office receptionists needs to be reviewed. If there is not an ongoing monthly program to review new policies and information, I suggest one be implemented for the staff.
4. The job search requirements need to be evacutated. If the number of job searches is to remain the same, the client would be provided funds to travel to look for work. Migrant farm workers should not have to fill these forms out more than once a year.
5. The rule on residency should be evaluated to determine if there are alternative ways too compute family income so that relatives living in the same house but not sharing income are not required to report as one household unit.

Respectfully submitted,

Maria Gomez

Maria Gomez
United Farm Workers
Social Services Aide
San Juan, Texas

WRITTEN TESTIMONY
PRESENTED TO THE HOUSE COMMITTEE ON AGRICULTURE
SUBCOMMITTEE ON DOMESTIC MARKETING,
CONSUMER RELATIONS, AND NUTRITION

FIELD HEARING ON THE FOOD STAMP PROGRAM
DECEMBER 1, 1989

PREPARED BY EVONNE CHARBONEAU
TEXAS RURAL LEGAL AID, INC.

It is estimated that fewer than 40% of persons in the state of Texas who are eligible for food stamps receive them. While this may reflect a lack of public awareness about the program, it also reflects that the food stamp program is not working as well as it could be. While it is without question a worthwhile program that assists many poor people and should be continued, it needs to be improved to better meet its goal of eliminating hunger in the United States. Problems currently exist within the food stamp program in the following areas:

EXCESSIVE REQUIREMENTS OF DOCUMENTATION SHOULD BE ELIMINATED. Perhaps the most common problems experienced by our clients are those caused by burdensome requirements of documentation. Examples of documentation that food stamp case workers require from clients include requiring a client to bring written information from an employer concerning wages even though pay receipts have already been submitted and contacting neighbors concerning residence even though a client may have already produced a utility bill or rent receipt. Applicants seeking work are required to bring a written statement from all employers whom they contacted about possible jobs. Volunteers from the United Farm Workers monitoring a local food stamp office reported that applicants reapplying for food stamps at the end of their certification period were sent away from the office because they did not have copies of birth certificates or social security cards with them. When questioned by the UFW volunteers, the case worker found that they already had these documents in the file from the previous application.

Excessive requests for documentation require the clients to make several trips gathering papers and written statements and returning them to the food stamp offices. This can involve significant travel expense for a poor family living in a rural area where distances are far. It also discourages eligible persons from applying for food stamps because it deprives them of privacy since they must tell employers, neighbors, and others that they are receiving welfare. Since food stamp offices are open only during regular business hours, being required to make repeated trips to the food stamp office can interfere with clients'efforts to work or to find work. Currently clients may be required to wait several hours before seeing their case worker.

In addition, these excessive requests for documentation would seem to increase the work overload that is a problem at food stamp offices since these requirements often delay completion of applications and require caseworkers to meet with clients several times instead of once to finish an application.

THE ENTIRE FAMILY SHOULD NOT BE DISQUALIFIED BECAUSE ONE MEMBER CANNOT DOCUMENT THEIR ELIGIBILITY. A problem which we have found to have particularly harsh effects on eligible families is that the whole family may be denied food stamps if one member of the family cannot document their eligibility. One case in which this occurred involved an applicant who could not locate a birth certificate for a grandchild who was living with her. The child's mother was mentally ill and was not able to assist in locating the certificate. Although the grandmother provided a hospital record of the birth, the food stamp worker did not consider it adequate documentation and denied assistance to the entire family.

Similar problems occur involving the requirement that all family members over 18 show evidence of seeking employment. If one family member cannot satisfy the documentation requirement, not only that person, but the entire family is denied food stamps.

CASE WORKERS AND FOOD STAMP OFFICE EMPLOYEES NEED ADDITIONAL TRAINING. OFFICES NEED TO IMPROVE CASE MANAGEMENT PROCESS. In many situations, it appears that workers either do not know the rules or do not give the correct information to clients. This may involve simply refusing to help clients fill out forms or refusing to mail out applications. It may involve improperly requiring documentation that delays the processing of the application. Many documentation that delays the processing of the application. Many of the problems repeatedly encountered by clients at food stamp offices appear to be problems with incorrect procedures or application of the regulations, such as the treatment of seasonal income by migrant farm workers (which is discussed below).

A related problem is that applications are often delayed because of paper work, documents, and applications are lost at the food stamp office or not properly completed. Unfortunately when papers are lost, the client's application may be delayed or they may need to apply again and receive benefits only from the time of the second application.

Reporting changes in income or other matters may cause delays and problems with food stamps for two or three months until the change is processed in Austin. Because of irregular incomes, migrant farm workers frequently report changes and thus they are frequently in a position of having to get specially issued food stamps because the changes have not yet been processed.

Training programs presented by persons knowledgeable about food stamp regulations should be mandatory for all food stamp program employees, including the receptionists at the front desk who may be giving out incorrect information or turning people away before they have a chance to meet with a case worker.

EXPEDITED FOOD STAMPS SHOULD BE PROCESSED AUTOMATICALLY FOR ALL ELIGIBLE CLIENTS. The expedited food stamp process--which provides that stamps are available within five days for the neediest of applicants--is one of the most important provisions of the food stamp program. Unfortunately our experience has been that many of the people eligible for food stamps on an emergency basis do not receive them. Part of the problem appears to be that often clients must know enough about the food stamp program to request that they be considered for the expedited process or they are processed as regular applications. Migrant farm workers are eligible for expedited stamps in some circumstances; however, migrants are often required to wait several weeks until past income is verified by contacting former employers. Screening needs to be improved so that all applicants who are in emergency situations receive their food stamps under the expedited process.

③ THE TREATMENT OF SEASONAL OR IRREGULAR INCOME FOR MIGRANT FARM WORKERS NEEDS TO BE IMPROVED. Despite regulations which prohibit retrospectively budgeting for migrants, it is not uncommon for migrant farm workers to be denied food stamps or receive reduced stamps because they had income during the previous month although they may be out of work during the month when they apply. Although a migrant family may receive several hundred dollars during a month when they work, the money is often needed for transportation to another state for work or to return home, for car or house payments which they are behind in paying, and for other overdue payments. A migrant family who receives $800 in July, but may not find work again for several months, is not in the same financial position as a family that receives $800 a month on a regular basis.

ONE VEHICLE SHOULD BE EXEMPTED AS A RESOURCE FOR EACH FAMILY LIVING IN A RURAL AREA. Under the current regulations, an unemployed person can be disqualified for food stamps if they own a vehicle worth more than the exempted amount. This makes it extremely difficult if not impossible for a person living in a rural area to find a job and begin working again. Although migrant farm workers and some others are exempted from this rule, all persons living in rural areas should be exempted since a vehicle is necessary in order for them to return to work.

Respectfully submitted,

Evonne Charboneau

Evonne Charboneau, Attorney
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TACAA
TEXAS ASSOCIATION OF COMMUNITY ACTION AGENCIES, INC.
2015 I.H. 35 So., Suite 101 512/462-2555 Austin, Texas 78741

HOUSE AGRICULTURE SUBCOMMITTEE ON DOMESTIC MARKETING, CONSUMER RELATIONS, AND NUTRITION

Houston, Texas Field Hearing
December 1, 1989

Testimony of: Zy Weinberg, Executive Director
Texas Association of Community Action Agencies, Inc.

GOOD MORNING. MY NAME IS ZY WEINBERG AND I AM EXECUTIVE DIRECTOR OF THE TEXAS ASSOCIATION OF COMMUNITY ACTION AGENCIES, A STATEWIDE ORGANIZATION THAT PROVIDES INFORMATION AND ADVOCACY ON ISSUES AFFECTING THE MORE THAN 3.1 MILLION POOR PEOPLE IN TEXAS.

I AM HONORED TO BE ABLE TO ADDRESS THE COMMITTEE THIS MORNING ON FOOD STAMP REAUTHORIZATION ISSUES. MY DEEP INTEREST IN AND AFFILIATION WITH THE FOOD STAMP PROGRAM DATE BACK TO 1978, WHEN I WAS APPOINTED TO CHAIR THE TEXAS FOOD STAMP IMPLEMENTATION ADVISORY COMMITTEE, ESTABLISHED TO ASSIST THE STATE IN PUTTING INTO PLACE THE REFORMS OF THE FOOD STAMP ACT OF 1977. SINCE THAT TIME, I HAVE SPENT MORE THAN A DOZEN YEARS ANALYZING AND FOLLOWING FOOD STAMP TRENDS IN TEXAS AND THE NATION FROM BOTH THE PERSPECTIVE OF A STATE EMPLOYEE AND FROM THE PUBLIC INTEREST ANGLE, AS AN ADVOCATE FOR LOW-INCOME PEOPLE.

THE FOOD STAMP PROGRAM IS VITAL TO THE ALLEVIATION OF HUNGER IN TEXAS. CURRENTLY, PROGRAM PARTICIPATION AND BENEFITS ARE AT

ALL-TIME HIGHS FOR THE 20-YEAR HISTORY OF THE PROGRAM HERE. IN OCTOBER 1989, MORE THAN ONE AND THREE-QUARTER MILLION PERSONS IN NEARLY 600,000 HOUSEHOLDS GOT OVER $110 MILLION IN COUPONS. AS YOU CAN TELL FROM THESE FIGURES, THIS $1.3 BILLION-A-YEAR PROGRAM NOT ONLY HAS A SIGNIFICANT IMPACT ON THE LIVES AND DIETS OF THOSE WHO PARTICIPATE, BUT ON THE TEXAS ECONOMY AS WELL.

HOWEVER, IN SPITE OF THOSE NUMBERS, FOOD STAMP PARTICIPATION IN TEXAS REMAINS LOW COMPARED TO NATIONAL STATISTICS. OF THE MORE THAN FOUR MILLION LOW-INCOME TEXANS POTENTIALLY ELIGIBLE FOR FOOD STAMPS, ONLY ABOUT 40% RECEIVE BENEFITS. "WELFARE STIGMA" ASSOCIATED WITH THE PROGRAM REMAINS HIGH, AND ACCESS TO THE PROGRAM REMAINS COMPLICATED AND PROBLEMATIC, ESPECIALLY FOR THOSE WHOSE LACK EDUCATION, TRANSPORTATION, OR ENGLISH-SPEAKING ABILITY.

IN ADDITION TO MORE THOROUGH AND MANDATED OUTREACH FOR THE PROGRAM, THAT I BELIEVE SHOULD BE INCLUDED IN NEXT YEAR'S AMENDMENTS, I WOULD LIKE TO ADDRESS SEVERAL OTHER ISSUE AREAS THAT I FEEL NEED TO BE REVISED TO SIMPLIFY PROGRAM OPERATIONS, ALLOW FAIRER AND MORE APPROPRIATE BENEFITS FOR HUNGRY RECIPIENTS, AND EASE ENTRY INTO THE PROGRAM.

I HAD THE OPPORTUNITY TWO MONTHS AGO OF PARTICIPATING IN A NATIONAL MEETING OF "HUNGER LEADERS," CONVENED BY THE FOOD RESEARCH AND ACTION CENTER IN WASHINGTON, D.C., AT WHICH FOOD STAMP REAUTHORIZATION TOPICS WERE DISCUSSED. I FEEL THE GROUP

TOOK A REALISTIC AND BALANCED APPROACH IN COMING UP WITH A LIST OF PROPOSED PROGRAM REVISIONS THAT ARE BOTH NEEDED AND FISCALLY PRACTICAL, CONSIDERING THE CURRENT CONDITION OF THE FEDERAL BUDGET, AND MY COMMENTS BASICALLY OUTLINE THOSE CONSENSUS CHANGES.

FIRST, CONGRESS CAN HELP RESPOND TO THE HOUSING CRISIS IN THIS NATION THAT IS CONTRIBUTING TO THE HUNGER PROBLEM THROUGH THE FOOD STAMP PROGRAM. IT WOULD BE MOST HELPFUL TO ALTER THE CURRENT RULES ON THE DEFINITION OF A HOUSEHOLD TO ADDRESS THE REALITY OF FAMILIES LIVING TOGETHER IN AN EFFORT TO MAKE HOUSING AFFORDABLE, OR TO HAVE SHELTER AT ALL. RELATED PERSONS LIVING UNDER THE SAME ROOF SHOULD BE ALLOWED TO DECLARE THEMSELVES SEPARATE HOUSEHOLDS IF THEY PURCHASE AND PREPARE FOOD INDEPENDENTLY. FOR FAMILIES WHO ARE DOUBLED AND TRIPLED UP IN ORDER TO AVOID HOMELESSNESS, THIS PROVISION WOULD HELP THEM RECEIVE FULLER BENEFITS AND MAINTAIN BETTER DIETS.

SECOND, THE CAP ON EXCESS SHELTER DEDUCTIONS SHOULD BE REMOVED FOR ALL HOUSEHOLDS, LIKEWISE TO HELP EASE HOUSING CRISIS SITUATIONS THAT AFFECT FOOD STAMP BENEFIT LEVELS. WITH CENSUS STATISTICS SHOWING NEARLY HALF OF ALL POOR HOUSEHOLDS SPENDING MORE THAN 70% OF THEIR INCOME ON SHELTER, THESE PEOPLE NEED A BREAK SO THAT THERE ARE SOME RESOURCES LEFT TO OBTAIN FOOD. EVEN IN A "LOW-COST" HOUSING STATE LIKE TEXAS, SHELTER EXPENSES SEVERELY IMPINGE ON A LOW-INCOME FAMILY'S ABILITY TO MAINTAIN AFFORDABLE LIVING CONDITIONS.

THIRD, CONGRESS MUST TAKE ACTION TO INCREASE FOOD STAMP ALLOTMENTS AS SUBSTANTIALLY AS POSSIBLE, AND BEGIN TO MOVE MORE RAPIDLY TOWARDS BASING BENEFITS ON THE U.S. DEPARTMENT OF AGRICULTURE'S LOW-COST FOOD PLAN, INSTEAD OF THE THRIFTY FOOD PLAN. UNDER THE THRIFTY FOOD PLAN, MOST FOOD STAMP FAMILIES RUN OUT OF COUPONS BY THE THIRD WEEK OF THE MONTH, AND THE STRAIN ON EMERGENCY FOOD PROVIDERS TOWARD THE END OF EVERY MONTH IS ENORMOUS.

WITH FOOD BANK DONATIONS BEGINNING TO DECLINE, AND THE NON-PROFIT VOLUNTARY SECTOR ALREADY STRETCHED TO THE LIMIT AND BEGINNING TO SUFFER FROM WHAT IS BEING TERMED "COMPASSION FATIGUE," EMERGENCY FOOD SOURCES CANNOT KEEP UP WITH THE HUNGER PROBLEM. IMPROVED FOOD STAMP BENEFITS OFFER A MORE PRACTICAL, INSTITUTIONAL METHOD OF SEEING THAT POOR PEOPLE HAVE ENOUGH TO EAT - ESPECIALLY FOR THE POOREST OF THE POOR, AND IN TEXAS WE HAVE PLENTY OF THEM. IN FACT, IN JULY 1989, ONE IN SEVEN TEXAS FOOD STAMP HOUSEHOLDS - SOME 78,000 FAMILIES - HAD NO INCOME.

FOURTH, AS AN ENCOURAGEMENT TO ABSENT PARENTS TO HELP SUPPORT THEIR CHILDREN, IT IS RECOMMENDED THAT THE FIRST $50 IN CHILD SUPPORT PAYMENTS RECEIVED BY A FOOD STAMP HOUSEHOLD BE EXCLUDED FROM INCOME. SUCH A CHANGE, SIMILAR TO THE TREATMENT OF CHILD SUPPORT PAYMENTS IN THE AFDC PROGRAM, WOULD PRIMARILY ACCRUE TO THE BENEFIT OF CHILDREN, WHO MAKE UP MORE THAN 53% OF THE TEXAS CASELOAD, AND LOW-INCOME WOMEN, WHO HEAD UP MORE THAN

73% OF ALL FOOD STAMP HOUSEHOLDS IN THIS STATE.

FIFTH, TO ASSIST WORKING FAMILIES, THE CURRENT $4,500 LIMIT ON THE VALUE OF MOTOR VEHICLES MUST BE RAISED. RELIABLE TRANSPORTATION FOR FOOD STAMP RECIPIENTS, AS FOR VIRTUALLY EVERYONE ELSE IN THIS SOCIETY, IS A NECESSITY, AND VEHICLE VALUES HAVE SKYROCKETED SINCE THE $4,500 LIMIT WAS SET IN 1977. THE LIMIT SHOULD BE INCREASED IMMEDIATELY BY AT LEAST $1,000, AND THEN INDEXED TO INFLATION IN FUTURE YEARS.

LASTLY, AN AMENDMENT SHOULD BE MADE TO ALLOW LOW-INCOME STUDENTS TO PARTICIPATE IN THE PROGRAM WITHOUT AN EMPLOYMENT REQUIREMENT. STUDENTS TRYING TO BETTER THEMSELVES AND IMPROVE LIVING CONDITIONS FOR THEIR FAMILIES THROUGH POST-SECONDARY SCHOOLING SHOULD BE GIVEN A BREAK, NOT AN EXTRA HURDLE, IN THE FOOD STAMP ELIGIBILITY PROCESS.

AGAIN, THESE ARE JUST A FEW OF THE PROGRAM CHANGES THAT ARE NEEDED, DESIRABLE, AND WITHIN FINANCIAL REASON. THE COMMITTEE SHOULD ALSO NOT OVERLOOK ADMINISTRATIVE ACTIONS THAT CAN FACILITATE PARTICIPATION IN THE PROGRAM, SUCH AS:

-SIMPLIFICATION OF THE APPLICATION FORM, WHICH THIS STATE RECENTLY IMPLEMENTED;

-BILINGUAL STAFFING REQUIREMENTS; AND

-POINTS AND HOURS FOR FOOD STAMP OFFICES, INCLUDING EVENING AND WEEKEND HOURS, WITH TELEPHONE INTERVIEWS AND MAIL ISSUANCE FOR DISABLED, TRANSPORTATION-DEFICIENT, AND

RURAL APPLICANTS AND PARTICIPANTS.

THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE YOU AND PRESENT THIS TESTIMONY TODAY.

HOUSTON WELFARE RIGHTS ORGANIZATION
Veronica Jefferson, Pres.
P.O. Box 740732
Houston, TX 77274-0732

PRESENTATION TO THE HOUSE AGRICULTURE COMMITTEE IN HOUSTON
(DRAFT 89/11/27)

The Houston Welfare Rights Organization urges the committee to make the following changes in food stamp legislation:

1. The restoration of separate food stamp households for related individuals. The separate household rule has become so complicated that few clients can use it. Few caseworkers can correctly apply it. See form X1.

2. Encourage other states to follow the Texas lead for one day expedited food stamps and a shorter application form.

3. Require the states to achieve a minimum ratio of approved applications to denied applications. Texas proportionally denies more persons food stamps and AFDC than virtually all other states. X5 & X6. For AFDC, only 20% of families denied reapply. And publicizing this data.

4. Increase the car allowance from $4500 and changing it to equity value. Eliminate the social security number (SSN) requirement at least for small children. Allow state welfare offices to process SSN applications. At least require notice of the good cause exception for an SSN. We also support the welfare coalition's call for relaxing college student rules and removing the cap on the shelter deductions.

5. Mandate enforcement of the Hunger Prevention Act restriction to verification which would prohibit welfare from writing letters to landlords in very many cases. X2 & X7. TDHS, form 1857. This form is rarely used now, but why does TDHS keep it in their handbook? TDHS has changed only one regulation because of the new act. This major legislation is unenforced.

6. Finally we would ask the committee to support legislation which would set a federal minimum level of AFDC and require cost of living increases. Texas pays only $184 to a family of three per month. That is less than the cost of rent alone. It will not increase if at all for six years.

DOCUMENTATION

In 1985, Texas approved fewer persons for food stamps than any other state, but 1.81:1 approvals for each case denied. X5 & X6. In 1982, 2.85:1. Note that this extremely low approval rate also exists in the AFDC program. We regard this as a measure of fairness in administration. USDA should be required to routinely publish this data.

Signed: ______________________
Veronica D. Jefferson, president
%734-1144, M.Lovings

(Attachments follow:)

SEPARATE HOUSEHOLD DECLARATION FOR THE FOODSTAMPS
By GCLF 522-5383 (5/88)

STATE OF TEXAS X
COUNTY OF HARRIS X

INSTRUCTIONS: Check paragraphs and complete indicated blanks.

My name is ________________________________ and I live in the same building as ____________________ who is applying for foodstamps.

We are separate foodstamp households because we meet an exception and:

____ 1. We do not customarily purchase and prepare our food together.

____ 2. We formerly purchased and prepared food together but no longer care to do so.

NO RELATIONSHIP EXCEPTION

3. We are unrelated by (circle) blood or marriage.

AGE & DISABILITY EXCEPTION

____ 4. ______________________ is over 60 and disabled.

____ 5. ______________________ is disabled.

MINOR CHILDREN EXCEPTION

____ 6. ________________ are parents living with minor children who meet item 4 or 5 on separate purchase and preparation.

HOMELESS EXCEPTION: PERHAPS IAH, A-141 (1/88)

____ 7. They are in a shelter for the homeless.

____ 8. They are in a place not intended for regular sleeping quarters.

____ 9. They are in temporary quarters in another person's residence. They sleep in the __________ room.

We believe this statement fulfills the verification of our status as separate household and request that it be placed in the case file as documentation. See 7 C.F.R. 273.1, 273.2; IAH A-320 (7/87).

SIGNED__________________________ DATED____________________________

SIGNED__________________________ DATED____________________________

SEPARATE HOUSEHOLD

EXHIBIT
XI

FOOD STAMPS RIGHTS

By GCLEF WELFARE HTX (7/19/89) 660-0077

How long does state welfare have to decide your food stamp application? Thirty days from the day you file the application. You should keep any letter saying what day you filed or what day you called in for an application. It must also give a third appointment if you missed the first two and you requested the third one within 30 days of your application. B-117 (12/89. TDHS grants only 64% of all applications. The food stamp hotlines are 1-800-252-9330 and 692-9678. TDHS, IAH B-115(4/88).

One day stamps. TDHS must certify you with no collateral contact by expedited service within one calendar day. But you can not have had more than $150 income in the current calendar month or $100 in savings. Also if your shelter costs exceed your income or if you have no regular nighttime residence, you are eligible for one day service. We encourage you to take a person with you if you can. IAH A-140 destitute and IAH B-233 immediate restoration. B-455 homeless. But you must prove identity. If delayed or other problems, ask for a supervisory conference in two days. B-1010.2&5 (4/88). 7 CFR 273.15(d).

Who belongs to your food stamp household? You have to qualify your entire household for food stamps. If your family shares a home with others who are not eligible, you have to separate your household. A household is a single person or a group of people who: one, live together, two, buy food in common; three, store it in common; four, cook it together. IAH A-321.1.b(11/88). Usually a split household must have at least a separate hotplate and pots and pans. If not, separate storage and pictures.

Spouses, parents, offsprings of any age and brothers and sisters can not separate households unless the persons are over sixty years old, disabled or parents with minor offspring. IAH A-321.

Special problems. You can have an intentional homestead, life insurance, burial plots, trust- funds, income producing property. TDHS limits cash or other things to $2000 per household or $3000 if one person is over sixty years of age. You can have a car worth less than $4500 fair market value, exemptions for employment use and transport of disabled. IAH A-549.1. These are called resources.

The law is in a state of change in numberous areas: implementation of the Hunger Prevention Act PL 100-397, responsibility to provide proof (A-134), resetting one missed interview (IAH B-117 & Form 1202), immigration documentation (IAH A-424) and work search (IAH A-810).

The department must generally reopen your case or reuse the application up to sixty days from file date. IAH B-112 & 116 (5/86).

RECERTIFICATION. Be sure to file an application before the fifteenth day of your last month of certification. Unless found ineligible before the first of the next month, the department has to pay stamps. IAH A-1842 (4/89), B-121 (10/86) & B-233 (7/89). They also have to give you at least ten days to furnish any information before denial.

Food Stamp Rights

Form
Page

JUL

LANDLORD VERIFICATION
VERIFICACION PROVISTA POR EL DUEÑO

many people live in the house or apartment?
as personas viven en la casa o en el apartamento? .... ________

many of the people are adults (18 years or older)?
as de esas personas son adultos (personas de 18 años o mayores)? .... ________

names of the people who work:
nombres de las personas que trabajan:

NAME OF PERSON WORKING PERSONA QUE TRABAJA	EMPLOYER EMPLEADOR

4. How much is the rent (per month)?
¿Cuánto pagan de renta (al mes)? .... $________

5. Who pays the rent?
¿Quién lo paga? .... ________

6. How is it paid?
¿Cómo lo paga? .... ________

☐ Cash Dinero en Efectivo ☐ Check Cheque ☐ Money Order Giro

☐ Other (explain):
Otro (explique): ________

. the renter behind in paying the rent?
Están atrasados en el pago de la renta? .... ☐ Yes Sí ☐ No

Title/Título	Telephone

________ Signature—Landlord or Representative
Firma—El Dueño o su Representante

________ Date/Fecha

X2

Food Stamp approval ratios: accepted over denied
by Houston WRO, 5118 Lee St., HTX 77026 (87/05/04)

Low acceptance states	Ratio	Rank	Accepted	Denied
Texas	1.81	2	323272	178353
Washington	1.19	1	97987	82441
Iowa	1.94	3	64263	33049
Alaska	2.00	4	15900	7933
Maryland	2.08	5	119227	57376
New Hampshire	2.14	6	17805	8314
Louisiana	2.31	7	137136	59444
High acceptance states				
Texas	1.81	2	323272	178353
North Dakota	9.20	47	33216	3612
Ohio	9.71	48	976873	100625
Georgia	10.40	49	452386	43490
Delaware	11.01	50	34212	3108
Montana	16.01	51	257830	16105
Wisconsin	19.19	52	132306	6895
Other regional states				
Mississippi	4.71	32	246023	52229
New Mexico	6.23	39	108923	17487
Oklahoma	5.61	35	203501	36251
U.S. Total	3.80	24	9962209	2620479
Big states				
California	2.44	10	927900	379884
Michigan	2.66	14	280792	105717
New York	2.87	17	422632	147327
Pennsylvania	3.07	20	456935	148687
Florida	3.09	21	346232	112210
Illinois	3.16	22	467135	147980

Source: letter from Claire Lipsman, USDA Director of Program Accountability Div. (Alexandria Feb. 13, 1987). For 1985.

AFDC approval ratios: accepted over denied
by Houston WRO, HTX (89/07/03)

Low acceptance states	Ratio	Rank	Accepted	Denied
Arizona	0.67	1	5645	8480
New Mexico	0.84	2	2148	2563
Texas	0.87	3	28996	33479
Florida	0.98	4	16798	17225
Nevada	1.04	5	1408	1349
Colorado	1.18	6	3206	2712
Connecticut	1.22	7	3494	2860
Georgia	1.26	8	12654	10026
United States	2.29		515172	224907
High acceptance states				
Texas	0.87	3	28996	33479
Minnesota	9.93	48	10996	1107
South Dakota	11.21	49	1850	165
Utah	11.26	50	8976	797
New York	14.23	51	51397	3611
Illinois	19.16	53	22530	1176
Montana	51.92	54	2700	52
Other regional states				
Louisiana	1.95	14	11598	5934
Oklahoma	2.10	19	5413	2577
Mississippi	2.40	27	6044	2521
Other big states				
California	1.97	15	63500	32303
Michigan	2.19	21	30128	13782
Pennsylvania	6.05	45	22884	3784
Ohio	2.66	31	21806	8184

Source: U.S.Dep't Health & Human Serv., Family Support Admin., Office of Family Assistance, Quarterly Public Ass. Statistics Summary of AFDC app'ns by state Jan. 1-Mar.31, 1986," tbl. 64, p.71 (D.C: fiscal year 1986).

Cf: Southern Governor's Ass'n, Study of the AFDC/Medicaid Elgibility Process in the Southern States (D.C: April 1988). Sara C. Shuptrine Vicki C. Grant. 444 N.Capitol St., NW., 20001. Michael, Richard C. Participation rates in the AFDC Pro., pt. I (D.C: Urban Institute Dec. 1980) (Working paper 1387-02).

> "(I)t is possible to view acceptance rates as a proxy for the attitudes of AFDC administrators and caseworkers. Thus, the lower the acceptance rates, the more difficult it is for an applicant to obtain benefits, and the greater evidence that AFDC offices are putting up barriers to potentional eligibles...."

Michael p.44.

VERIFICATION ALTERNATIVES FOR STATE WELFARE
by GCLEF HTX (522-5383) July 21, 1988

Although federal food stamp law requires state welfare to list alternative forms of verification, the Texas Income Assistance Handbook rarely lists alternatives. These are some of the more common ones.

BIRTH CERTIFICATE: Hospital and baptismal records are just as good. If those are unavailable, look at insurance records, Bible records, school and health records and even letters. IAH A-1012 (7/86). Ask for an evaluative conclusion. The best declaration of relationship would come from the other side of the family.

EARNED INCOME EMPLOYER'S FORM 1028: Pay stubs are just as good. Also note for self employment TDHS may have to take its own self declaration form 1049. But a letter from a contractor or supplier may be preferrable. IAH A-792 (12/84).

BANK STATEMENTS: TDHS requires verification of all bank accounts at first certification and again if the balance is over $200. For other resources, verification is required only if questionable or close to the maximum of $1000 for AFDC and $2000 for stamps. IAH A-554 (10/87).

SOCIAL SECURITY NUMBER: The SS-5 form of social itself lists alternatives to birth certificates to include hospital and baptismal records. If none of the three are available, others which could be used include school record, marriage and divorce papers, driver's license, medical records, work badge, building pass among others. SSA, form SS-5 (11/86).

CITIZENSHIP: Another citizen can give a statement for a person claimaing citizenship. IAH A-412.3 (10/87). There is an old form that uses preferred language.

OTHER INCOME: The quote from IAH A-791 (7/87): "If all attempts to verify income are unsuccessful because the payer fails or refuses to give information and no other proof can be found, use the best available information.... unless inconsistent or otherwise questionable...."

LANDLORD LETTER: Form 1857. On its back it states that if the landlord does not complete the form there is no penalty. The problem usually arises when the landlord is unknown. If so, have another person write a letter about this lack of information and explain how rent is collected.

PEND LETTER: TDHS requires the caseworker to write out the documentation requested, but does not address alternatives. The rule of thumb is to seek the preferred source, but if that fails get a letter from someone: signed, dated and carrying the writer's address and phone. IAH A-134 (10/87) & A-145.1.

VERIFICATION RIGHTS

AFDC ratios of accepted applications to denied ones
by Houston WRO, 429 Neyland St., HTX 77022 (85/03/29)

Low acceptance states

	Ratio	Rank	accepted	denied
Texas	1.32	2	16221	12270
Nevada	0.80	1	1202	1508
Louisiana	1.54	3	6753	4378
Connecticut	1.58	4	3839	2423
Arkansas	1.71	5	3296	1922
Idaho	1.75	6	1533	874
Florida	1.80	7	15560	8622

High acceptance states

Texas	1.32	2	16221	12270
Montana	13.64	54	1514	111
Minnesota	12.45	53	9524	765
Virgin Islands	10.08	52	121	12
Wisconsin	8.63	51	14638	1696
New York	6.53	47	43572	6675
North Carolina	5.78	45	6749	1168

Other regional states

Mississippi	2.19	14	4299	1953
New Mexico	2.64	19	2320	880
Oklahoma	2.13	12	3940	1851

Source: HHS, SSA, Office of Policy, Quarterly Pubic Assistance Statistics 16, tb. 14 (D.C:Nov.1983)(For Oct. -Dec. 1981).

National average

United States	2.80	21	448168	160166

State Welfare Monthly Levels
By the GCLF (660-0077) HTX (Nov. 11, 1989)

Family Size	Food-Stm Max-Inc	Food-Stm Alotmnt	AFDC-Max at-32%	AFDC Standard	Medicaid Chld/MN	AFDC Ncr/Prg	HCSS County
1 child	648	99	63	197	498/100	063/0647	109
2 mthr+ch	869	182	158	493	668/211	090/0868	143
3	1090	260	184	574	838/267	126/1089	177
4	1311	331	221	691	1008/301	151/1310	211
5	1532	393	246	770	1178/349	194/1531	245
6	1753	472	284	886	1348/385	210/1752	279
7	1974	521	308	964	1518/432	261/1973	313
8	2195	596	351	1096	1688/468	287/2194	347
9	+221	+68					+34
Aug.85 to Oct.84		Historicl					
1 child	540	79	57	170	na	57	9
2 mthr+ch	728	145	144	425		81	160
3	917	208	167	494		114	190
Sep.84 to Aug.83							
1 child	540	76	51	170		57	99
2 mthr+ch	728	139	128	425		72	160
3	917	199	148	494		101	190
Aug.82 to Sep. 81							
1 child	507	70	na	na	na	na	94
2 mthr+ch	674	128	85	122	na	na	154
3	841	183	117	168	na	na	184

Median-in	BLS-lwr	Avg-AFDC	Min-wage	B-Cns-Pv	FS-utili	F-st-ded	FS-shcap
2704	1278	57	570	933	118	112	177
in 1989	in Au/81			in 1987			

Rs-fs/af	Car-fs/af	Lif-in/f	Burl/a	Burl/f	F-Csl/TX	Af-cs/TX	FS-dep.c
2000/1000	45Hf/15H	exempt	exmt/mb	1500/ins	225T	514T	160/dep

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a. One caretaker to SSI child receives $75 AFDC.
b. Add $42 per month to AFDC for two parent households. IAH C-100.
d. Foods stamps change in October. IAH C-210 (7/87) and C-220 (7/87).
e. AFDC earnings test at 185% of need. IAH A-771.
f. HCSS. Maximum figures. Food allowances difr by age. No change/1987.
g. Medicaid. Unborn children count as if living. Preg women get fam/2.
h. Medicaid. Highest lvls for PW & chldrn undr age 2/4. IAH MP C-120 (7/
j. TDHR, IAH A-502 (6/84), for resources.
k. For nat'l AFDC info. call Welf. Law Cntr (212) 679-3709.
l. For nat'l FS info. call Food Research AC (202) 393-5060.
m. GCLF is at 2626 South Loop West., 4th fl, HTX 77054 (660-0077).
n. 1969 last major AFDC increase before 1983. AFDC average $21 in 1968 to $31 in Sep. 1969. SDPW, 1970 Annual Report, p.2.
o. Note October 1984 AFDC increase by $6 per child.

PUBLIC HOUSING IN TEXAS BY HWRO (88/09/09)
P.O. Box 740732, HTX 77274-0732

CITY	POPULA'N	UNITS	UNITS/THS
.BIG CITIES			
New York	7164742	174954	24.42
Los Angeles	3259300	na	na
Chicago	3009530	40840	13.57
Houston	1724357	17068	9.90
Philadelphia	1642900	30816	18.76
Dallas	1099520	18901	17.19
Detroit	1086220	36711	33.80
San Diego	1015190	13024	12.83
HIGH PUBLIC HOUSING IN BIGGER CITIES			
Atlanta	426090	20074	47.11
Boston	570719	25000	43.80
Detroit	1086220	36711	33.80
New York	7164742	174954	24.42
San Antonio	914350	19389	21.21
Seattle	488474	10054	20.58
Philadelphia	1642900	30816	18.76
Dallas	1099520	18901	17.19
Chicago	3009530	40840	13.57
San Diego	1015190	13024	12.83
Houston	1724357	17068	9.90
OTHER TEXAS CITIES SORTED BY HOUSING UNITS			
Waco	104000	2959	28.45
El Paso	445000	9665	21.72
Corpus Christi	246000	4032	16.39
Austin	368000	5897	16.02
Ft. Worth	401000	4646	11.59
Abilene	102000	625	6.13

SOURCE: Teague, E.E., Letter (Ft.Worth: USDHUD Info.Ofcr 85/05/30) Davidson, Julie, paralegal, from phone calls and letters to out of state cities. Houston Chronicle, "Dallas Passes," s.1, p.19 (Oct. 16, 1987). Note Houston housing should be reduced by 1000 units representing Allen Parkway Village vacancies.

Public Housing

Presented by

Francisco Carranco

Member
AARP National Board of Directors

The American Association of Retired Persons (AARP) appreciates this opportunity to express our views regarding the reauthorization of the Food Stamp Act. Twenty percent of all food stamp households include at least one individual age 60 or over, and 1.6 million older individuals receive Food Stamp benefits.

AARP provided this Subcommittee with comprehensive comments on Food Stamp reauthorization at the Washington, D.C. hearing in November. Our major recommendations to Congress were:

- Address the need for improved outreach efforts;
- Require mail issuance of coupons to elderly and disabled households who otherwise face a hardship in receiving benefits;
- Strengthen efforts to simplify application forms; and
- Consider improvements in the minimum benefit.

Today, I would like to focus my remarks on the need for improved and expanded Food Stamp outreach efforts.

PARTICIPATION RATES AMONG OLDER PERSONS

As is true of other public benefit programs, participation by older persons in the Food Stamp Program is particularly low. According to a 1988 study by the Congressional Budget Office, only 34 to 44 percent of eligible households containing an elderly member receive food stamps.

It is often assumed that the overiding reason for low participation among elderly persons is stigma. However, stigma appears to be far less an obstacle than lack of information and other factors.

A recent study found that more than two-thirds of eligible non-participants either didn't think they were eligible or didn't know if they were. Distance from the food stamp office, low benefit levels, and administrative "hassles" were also found to inhibit participation. Only 14 percent indicated that pride was a factor in their decision not to participate.

AARP believes that more outreach is needed to inform persons of their possible eligibility for the program and to assist them in completing application forms. This is especially important in rural areas where older persons are more likely to be socially and physically isolated and to lack access to program and services information.

AARP'S OUTREACH EFFORTS

Since 1988, AARP has been involved in 13 outreach projects to increase participation in the SSI program. We believe this experience can provide guidance for effective Food Stamp outreach projects.

In the first phase of AARP's SSI outreach, a three-city pilot project, funded in part by the Commonwealth Fund Commission On Elderly People Living Alone, was undertaken to evaluate outreach activities on the local level. One of the participating cities was El Paso, Texas.

Statistics provided by the Social Security Administration (SSA) show that, in these three pilot cities, overall SSI applications and awards increased dramatically in 1988. The application rate increased by 97 percent and awards increased by 58 percent as compared to the average of the three previous years. In El Paso, applications increased by 50 percent and awards increased by 49 percent.

Preliminary results from some of the 1989 outreach sites are encouraging. During the months of May, June and July 1989, applications in the first five sites increased by 38 percent and awards increased by 37 percent. One of the five locations was San Antonio, where applications increased by 66 percent and awards increased by 54 percent over 1988.

FEATURES OF AARP'S OUTREACH

Reaching Minority Populations. A variety of methods have been applied in AARP's outreach projects. Clearly, special attention must be paid to informing those not reached through traditional methods of outreach, such as minority groups.

In El Paso, a large portion of the population responding to the SSI outreach efforts were low income elderly Hispanics. Older persons comprised 11 percent of the total population in El Paso county, with one in four older persons living below the poverty level.

Outreach in this community included coalitions with organizations tied to the Hispanic community. This meant the outreach project worked with local church groups and the Spanish language TV and radio stations. We translated informational materials into Spanish and used bilingual and bicultural outreach workers in the area agency on aging to answer SSI inquiries. In San Antonio, a similar approach proved equally effective.

Although the Spanish-speaking community has a close-knit aging network, it is not a homogeneous population. There are differences in nationality, education and literacy backgrounds, and cultural traditions. These traditions directly affect the types of outreach techniques which would prove most effective for various subgroups. Such factors certainly help determine when print media, electronic media, or direct personal contact is best.

Networking with a coalition program like the Senior Texan Employment Program proved to be a key ingredient in the success of the El Paso site. The program provided the project with a bilingual, multi-cultural older worker to do client intake. Use of older outreach and intake workers increased peer acceptance among older Hispanics.

The Social Security Administration allowed twelve appointment slots per week for the SSI outreach project. This permitted timely intervention for those with immediate needs, and a dramatic reduction in bureaucracy and paperwork office visits resulted for all applicants. We are pleased to add that each appointment slot allocated for every week of the project was filled, a fact which we think indicates a high level of real need. Furthermore, the sensitive, personal, and supportive environment we established through the project encouraged the participation of many discouraged seniors who believed that they qualified for benefits, but previously had negative encounters with social workers.

Coalitions. The key to the success of all of the AARP outreach projects is the use of coalitions of local organizations and citizens committed to helping low-income people in their community. A local agency assumes a leadership role in building and guiding a coalition of agencies to provide the broad-based support necessary to reach the elderly poor.

Taking the lead in the El Paso project was the Rio Grande Council of Governments Area Agency on Aging (AAA). Local groups, organizations and institutions welcomed AARP's SSI outreach program, and were pleased to support it. In San Antonio, the City of San Antonio Nutrition Program was the lead agency.

In El Paso,the local Department of Human Services was also very supportive and viewed the project as enhancing its effectiveness in identifying clients who might be eligible for other public benefits. The El Paso Legal Assistance Society helped in training outreach workers, developing their interview techniques, and assisting with appeals on denied applications.

AARP also worked closely with local and national Hispanic organizations in El Paso such as LULAC Project Amistad, and community health care centers like La Fe Centro De Salud Familar and Centro Medico Del Valle. This same general formula proved effective in the San Antonio project, where lifting the language and cultural barriers stimulated a deluge of inquiries from interested persons, especially Mexican Americans.

AARP's remaining 1989 sites include among others, one which is focusing on twelve Indian reservations in Wisconsin, and one concentrating on blacks in New Jersey. In each of these sites, care was taken to involve organizations that have credibility in their minority communities.

AARP provides technical assistance, training, material, videotapes and some publicity for the coalition's activities. All coalition members participate in the training and project activities. Groups that participate in the coalition may include the area agency on aging, information and referral agencies, religious organizations, health care providers, utility companies, advocacy organizations, legal services, and service providers for the elderly, blind or disabled.

Outreach Techniques. The major outreach methods employed have included extensive use of the media, training of social service providers, conducting community education presentations, and one-to-one counseling of potential applicants.

Use of broadcast and print media is essential to successful outreach. For instance, a one day "Phone-a-thon" in Pittsburgh produced over 5,000 calls, and many of those calling were referred to the local Social Security office to file an application. Our success in San Antonio can be greatly attributed to Hispanic media presence at our kick-off ceremony; every major television, radio, and newspaper was in attendance.

During the training, advocates also receive information on their state Medicaid program. Similarly, the linkage between Food Stamps and SSI must be emphasized to ensure that applicants are informed of the full range of public benefits for which they may be eligible.

With support from the Commonwealth Commission, AARP is planning to expand its outreach activities to 23 new sites. It is our goal to encompass a mix of other public benefit programs such as Food Stamps, Medicaid, and Low Income Housing and Energy Assistance programs in future outreach sites.

Need for National Outreach. While AARP's outreach has been successful, local communities and organizations should not be expected to fill the current outreach void. Nor can they reach the large number of potentially eligible participants nationwide who currently subsist on low incomes. A national coordinated effort by responsible federal agencies will be necessary to reach those throughout our nation who are eligible for, but not participating in low income benefit programs like Food Stamps and SSI.

Leadership is needed at the federal level for outreach efforts if significant improvements in participation are to be accomplished. Initiatives could take a variety of forms, including enhanced federal monetary support (such as an increase in the federal match for outreach from 50% to 60%); provision of training and technical assistance to the states; and development and promotion of model outreach programs.

Conclusion. Improvements in benefits, outreach and administrative procedures will help ensure that older persons have better access to this important program, particularly underserved minority groups. AARP would be happy to assist the Congress in favorably resolving these problems.

STATEMENT OF
THE TEXAS SCHOOL FOOD SERVICE ASSOCIATION
BEFORE THE COMMITTEE ON AGRICULTURE
UNITED STATES HOUSE OF REPRESENTATIVES
DECEMBER 1, 1989

Mr. Chairman; and members of the Subcommittee, my name is Susan Ryon. I am the Director of Food Services for Castleberry Independent School District in Fort Worth, Texas. As a Past President of our association, I am appearing this morning on behalf of the Texas School Food Service Association (TSFSA). I am both pleased and honored to have this opportunity to share with the Committee our views concerning critical commodity issues currently facing the schools participating in the Child Nutrition Programs not only in Texas but across this nation.

Texas currently ranks third in the nation behind New York and California in the consumption of federally funded commodities. We have over 5600 schools in over 1000 school districts participating in the National School Lunch (NSLP) and Breakfast (SBP) Programs. During the 1988-89 school year, we served over 300 million lunches and 85 million breakfasts which equals to 1.8 million lunches and .5 million breakfasts daily in Texas. From these figures you can quickly draw the conclusion that the National School Lunch, Breakfast and Commodity Programs are a big business in Texas. TSFSA representing over 10,000 members and 360 school districts offers the following for your consideration.

COMMODITY DISTRIBUTION REFORM ACT

We wish to thank the Chairman, members of the committee and Anita Brown for their support and leadership in passing Public Law 100-237, the Commodity Distribution Reform Act of January 8, 1988. Improvements have been seen in the quality, selection, package size and form of commodities. Better communications regarding these commodities have also been evident. We highly applaud your efforts on our behalf. In reading the stated purpose of that act one portion of that purpose is of utmost concern to TSFSA. The last part of the purpose reads "and the degree to which such distribution responds to the needs of the recipient agency." We have needs that are not being met.

LACK OF COMMODITY CHEESE/DRY MILK

The 1989-90 school year has been devistating to Texas schools due to the loss of commodity cheese and dry milk. Stories as to the sudden absence of these dairy products for distribution are many and varied. We have heard that it's because the dairy herds were killed; that commodity cheese and dry milk is being shipped overseas instead of to the schools; that there's plenty of cheese in the caves but no one to process it; that the cost of processing is above the price support level so USDA will not purchase cheese and dry milk; that no one will bid on the contracts put out by USDA; that dairy production is up overall and it's merely a political situation; and that the output has been curtailed by last years drought and cutbacks in world milk production.

We do not pretend to know the answers to why we are dealing with this crippling shortage or attempt to understand the complexities of this problem. Cheese and dry milk have made major contributions to school food service and historically they have been available for child nutrition program use. Due to the fact that both cheese and dry milk have been considered bonus commodities for several years, and given the popularity of cheese by students, most schools have incorporated both into their menus on a frequent basis. Of the schools we surveyed cheese and/or dry milk appeared on 79% of the menus planned. School food service administrators planned their 1989-90 budgets based on the fact that cheese and dry milk would be available and now we are told to expect no cheese or dry milk for the balance of this school year. What a terrible revelation! To offset this shortage schools have attempted to purchase cheese and dry milk only to meet with soaring prices and unpredictable availability. Our budgets have been severely impacted and as we each try to make adjustments in our own districts to overcome this tremendous loss, we face negative reaction from our customers. - The bottom line is simple - we need an assurance that cheese and dry milk will soon be available for distribution whether it be classified as bonus or entitlement. Bonus commodities have never been guaranteed by USDA, but it seems entirely unfair to local schools to slash federal commodity support by such drastic reductions in the bonus dairy commodities. In the next breath USDA announces that it has increased the entitlement assistance level of commodities by $.075 per lunch. It has come to our attention that USDA will successfully cut $300 million worth of bonus commodities to schools from FY 1987 through the projected allotment in FY 1990. Below please find a comparison of the value of Bonus commodities (Group A&B) on both a national and state level.

BONUS COMMODITY VALUES IN MILLIONS FOR:	FY 1987	FY 1988	FY 1989	FY 1990
Nationwide	442	372	324	125
Texas	34	30	28	N/A

This extreme loss in the level of commodity support has created untold hardships on the struggling local school budget. For over half a century, schools have strived to utilize commodities to a maximum level. Now suddenly we are forced to cover losses of commodity assistance by raising lunch prices to full paying students and implementing program cuts to attempt to cover the losses for the free and reduced-priced students. There has not been a large enough increase in the reimbursement rates or the commodity entitlement level to cover the loss of bonus dairy commodities much less the escalating costs of meals and indirect costs charged to school food authorities by school districts. Mild rumblings among school food service directors are rapidly turning into irate anger. We are begging for your help! We need our cheese and dry milk back as a commodity or equal amounts of other popular commodities. We request that you investigate this situation and consider legislation to stabilize the levels of all commodity assistance.

IMPACT ON TEXAS SCHOOLS OF NO COMMODITY CHEESE/DRY MILK

Most schools surveyed have attempted to rapidly reduce the amount of cheese served on their menus. These measures include reducing the number of times that students' favorite choices appear on the menu such as pizza, cheeseburgers, nachos, Mexican food and cheese sauce on vegetables. Reducing the frequency of the favorite items on the school menu creates negative feedback from students and is predicted to lower participation in the Child Nutrition Programs. As participation and, therefore, revenues decline schools must look at a reduction in the labor force. Other schools are predicting a 10% or $.10 increase in lunch prices for 1990-91 to offset the lack of commodity cheese and milk. With most schools averaging a $.053 in usage of commodity cheese or dry milk per lunch, many were able to increase the quality of the meat/meat alternate offered to students. As an example, without the availability of cheese our district spent a maximum of $.28 per meat/meat alternate item but with the availability of commodity cheese and dry milk our district could spend up to $.35 and occasionally $.40 on meat/ meat alternate menu items. The sudden shortage of commodity cheese and dry milk has forced our district to revert back to a cap of $.28 per meat/meat alternate thus reducing the quality and variety offered in the child nutrition programs. This is a hard pill to swallow as we pride ourselves in creative use of commodities to enable us to upgrade the quality of food items served to our students. Several districts are facing this probability with the fear that reduction in quality and variety will also lower the number of students participating and, therefore, cause a labor reduction. The purchase of dry milk could be reduced by eliminating dry milk from many recipes. The majority of the time this cut does not effect the quality of baked breads and cookies it only lessens the nutritive value of baked products that school lunch is so famous for producing. Larger school districts will be looking at other means of cutting their budgets to compensate for the lack of commodity cheese and dry milk such as reducing central office personnel; eliminating delivery equipment from warehouse budgets; reducing staff development and training; and cutting planned expenditures for computers and software. All of these reductions will diminish the efficiency and accountability of Child Nutrition Programs. The school food service personnel I have talked with across the state were very frustrated and angry over the loss of such staple commodities. As the school districts find their budget belt tightening they hold the child nutition programs responsible for more and more of the overhead or indirect costs involved in serving meals to students like utilities, equipment purchases, workmen's compensation, maintenance costs, and accounting costs to name a few. It's no wonder that most food service directors in the state are working overtime, short tempered and feeling the effects of more stress than ever as they attempt to balance their budgets with more and more restrictions. We are held accountable to our school boards and they require a bottomline, in the black for operation of the child nutrition programs. Of the 27 districts surveyed by TSFSA 25 districts with an average daily participation of over

460,000 lunches and 126,000 breakfasts have estimated that the cost of purchasing cheese and/or dry milk this school year will add $3.35 million to their budgets. In my district alone, which is a small district it will cost us nearly $20,000. If you take the average use of $.053 per lunch of cheese and dry milk and mutliply by the 300 million lunches served in Texas in 1988-89 you come up with a conservative cost of $15,900,000 to Texas schools to purchase cheese and dry milk at the same levels of 1988-89. School food service personnel have always "done more with less" and some how rolled with the punches, but the lack of commodity cheese and dry milk may force many of us to have to explain the red on the bottom line and deal with unhappy consumers.

PLANNED ASSISTANCE LEVEL PERCENTAGES

Last year USDA allowed the Texas Department of Human Services, who administers the commodity distribution in Texas, to adjust the percentages schools school receive of group A and B commodities from PAL (Planned Assistance Level). This was in an effort to give the schools more opportunity to order cheese as it was due to go from a bonus commodity to an entitlement commodity (Group B). The percentage for Group B commodities was increased from 15% to 25% of our entitlement. Now we are told that there will be no cheese or dry milk available. That leaves Group B full of items that are of limited use to child nutrition programs - rice, grits, macaroni, rotini, oil, peanut butter, peanut granules, roasted peanuts, shortening, spaghetti, rolled wheat, and liquid shortening. With the exception of the oil, shortening and peanut butter these items can be purchased by schools at a low cost. It is very frustrating to be charged with using 25% of the dollar value alloted to schools on low cost items. Our district has no central storage for commodities and we currently bid our commodity handling. It is not in our best interest to pay $4.25 per case for delivery and storage of a commodity we can purchase for $6.00. It simply is not cost effective. Our understanding is that we will not be allowed to change the percentage of group A and B commodities back to the original 15% for group B and 85% for group A. The higher percentage in group A is now desirable so we can receive more commodity meats, fruits and vegetables. Surely in the spring when these percentages were being adjusted someone at USDA knew that there was no cheese or dry milk. Due to this oversight, schools are now in double jeopardy with no cheese or dry milk and face the possibility of not even receiving all of their entitlement commodities. The increase in the rate of assistance by $.075 per lunch may not be utilized by schools. Our state is not allowed adequate flexibility when ordering group A & B commodities, so Texas Schools will risk not receiving all the commodities due under entitlement or PAL. Our state office needs the authority to balance Group A and B according to the recipients needs at this time not based on an erroneous prediction that cheese and dry milk would be available under group B. Again, we don't pretend to know the complexities in the implementation of this request, but it appears to us that our state office could simply add the amount of commodities in Group B that have not been ordered to meet that quota into Group A and thus allow Texas to order more group A yet not exceed our total limit for commodities. We need more meats, fruits and vegetables, not macaroni and rice.

GENERAL SHORTAGE OF COMMODITIES FOR 1989-90

The districts surveyed have generally received fewer commodities from August through November, 1989 as were received through the same time period in 1988. In the bonus commodity category districts have received 69% fewer commodities and 25% fewer Group A and B entitlement commodities. School budgets are being stretched beyond expectations as we must purchase cheese at an increased average cost of 29% and dry milk at an increased average cost of 42% just since August. We are concerned that if we receive our total entitlement, which is doubtful at this point, that the bulk of it will arrive in the spring months causing a summer shortage problem and an added budget strain.

REGULATIONS FOR CHEESE ALTERNATE PRODUCTS

USDA has allowed the use of approved cheese alternate products in the Child Nutrition Programs. They must be used in equal portions with natural or processed cheese and only in a cooked food. Cheese alternates are not allowable on cold salads or salad bars. This regulation was enacted in 1974 and has not been updated. Our understanding is that many cheese alternate products have been upgraded over the years. The availability of salad bars in schools has also increased many times since 1974. Given these two facts in combination with the lack commodity cheese, we would encourage USDA to reevaluate the usage of cheese alternate products in the Child Nutrition Programs.

FAT/SUGAR/SODIUM LEVELS IN SCHOOL MENUS

The school lunch program has come under frequent criticism from advocacy groups concerning the levels of fat, sugar, and sodium in the meals served at school. One would wonder immediately why we would get so enraged over the lack of cheese in the commodity program. After all, school food service members have requested for several years that USDA purchase commodities lower in fat, sugar and sodium to agree with Dietary Guidelines for Americans published by the secretary of Agriculture and the Secretary of Health and Human Services. School Food service personnel have made inroads into lowering the fat, sugar and sodium levels by using the new USDA recipes and adjusting our own recipes along with other food production changes. Nutrition seems to have become a "political football" especially concerning the fat level in the Child Nutrition Programs when the exact level of fat intake for children remains unclear. The long-term project of serving healthier foods must be a cooperative effort by parents, schools, manufacturers and USDA. In most schools today, especially secondary schools, one could choose a "heart healthy" meal or a high fat meal. The key to the whole issue of a healthy diet seems to be moderation. With the economics involved, more freedom of choice than ever before, and more people than ever telling us what to do, it is very difficult to assure a given fat level for anyone. We will continue our efforts to lower the fat, sugar and sodium content of school meals and urge the USDA to purchase more commodities with the Dietary Guidelines in mind. Due to the extreme growing popularity of cheese in the diet, we would especially encourage USDA to purchase cheese lower in calories, fat, sodium and cholesterol.

As school food service professionals we are dedicated to our jobs and we strive to produce the very best we can in service and accountability in our programs. The commodity program is critical to our being able to provide the highest level of service and food to our students at a low cost. An abrupt reduction in the major role of cheese and dry milk has all of us extremely concerned that our quality, variety and students favorite menu items will be reduced. We implore you to look into this shortage immediately and we look forward to any relief you could provide this year such as more flexibility in the Food Distribution Agency's ability to purchase Group A and B commodities and hopefully the return of lower fat cheese and dry milk next school year even under entitlement. Our pocket books have been deeply hurt and our students are asking "Where's the cheese?" We beseech you to return the commodity cheese and dry milk.

Thank you very much, Mr. Chairman, members of the committee for the opportunity to express our concerns on the commodities distributed to the Child Nutrition Programs. I would welcome any questions you might have for me. Thank you for this opportunity.

(Attachment follows:)

TEXAS SCHOOLS
BONUS DAIRY SURVEY 11/89

SCHOOL DISTRICT	# of SCHOOL	MEALS DAILY		* DRY MILK COST		* AMERICAN CHEESE COST		VALUE OF BONUS COMM.[1]		VALUE OF PAL COMM.[1]		ESTIMATED COST OF PURCHASING DRY MILK/CHEESE FOR 89-90	% OF MENUS USING DRY MILK/CHEESE	CONTINUE COMMODITY PROGRAM
		BREAKFAST	LUNCH	8/89	11/89	8/89	11/89	8-11/1988	8-11/1989	8-11/1988	8-11/1989			
HOUSTON AREA														
Aldine	37	8,046	23,034	$ 1.07	$ 2.38	$ 1.70	$ 1.77	$ N/A	$ N/A	$ N/A	$ N/A	$ 50,000	N/A	Yes
Brazosport	15	1,200	6,000	N/A	1.44	N/A	1.83	8,700	5,546	19,600	8,383	58,950	50%	Yes
Fort Bend	33	1,400	11,500	1.67	2.31	1.73	2.09	67,412	26,622	59,914	60,212	131,100	65%	Yes
Houston	227	36,910	104,709	N/A	N/A	1.66	1.73	348,128	24,423	365,520	179,488	910,000	50%	Yes
Lamar	17	1,900	9,800	1.44	2.75	1.57	1.90	59,529	35,537	40,746	34,228	92,600	100%	Yes
Spring Branch	33	3,233	11,229	1.19	1.19	1.48	1.85	N/A	N/A	N/A	N/A	145,710	N/A	Yes
NORTH TEXAS AREA														
Arlington	50	2,098	17,100	1.23	1.57	1.50	2.10	70,707	17,420	74,639	9,307	52,000	75%	Yes
Castleberry	5	260	1,360	1.24	1.62	1.18	2.08	11,068	1,437	7,608	6,908	18,060	90%	Yes
Dallas	183	22,000	86,000	1.26	2.07	.98	1.99	N/A	N/A	N/A	N/A	629,048	60%	Yes
Duncanville	13	550	5,031	.75	1.41	1.23	1.82	25,681	3,273	21,002	25,521	68,470	100%	Yes
Garland	54	1,643	11,621	1.25	1.70	1.37	2.17	74,856	8,995	50,376	79,765	180,000	36%	Yes
Hurst-Euless-Bedford	25	1,123	7,076	1.30	2.12	1.58	1.78	10,295	12,261	28,564	36,677	N/A	85%	Yes
Rockwall	7	181	1,673	N/A	1.86	N/A	1.77	13,842	3,711	8,785	8,792	19,370	100%	Yes
SAN ANTONIO AREA														
East Central	8	1,100	3,429	N/A	1.67	N/A	1.79	9,087	7,649	13,375	20,371	67,000	80%	Yes
Edgewood	25	7,500	15,000	N/A	1.76	N/A	N/A	78,661	24,368	85,260	94,183	100,000	100%	Yes
Harlandale	22	3,000	10,300	N/A	N/A	N/A	N/A	49,000	315	66,068	48,954	N/A	100%	Yes
Judson	16	1,300	7,000	N/A	2.16	N/A	N/A	23,808	2,200	29,204	16,900	60,000	80%	Yes

TEXAS SCHOOLS
BONUS DAIRY SURVEY 11/89

SCHOOL DISTRICT	# of SCHOOL	MEALS DAILY		* DRY MILK COST		* AMERICAN CHEESE COST		VALUE OF BONUS COMM.[1]		VALUE OF PAL COMM.[1]		ESTIMATED COST OF PURCHASING DRY MILK/CHEESE FOR 89-90	% OF MENUS USING DRY MILK/CHEESE	CONTINUE COMMODITY PROGRAM
		BREAKFAST	LUNCH	8/89	11/89	8/89	11/89	8-11/1988	8-11/1989	8-11/1988	8-11/1989			
South San Antonio	14	2,500	8,000	N/A	1.57	N/A	1.95	26,424	6,066	32,224	39,277	160,400	89%	Yes
SOUTH TEXAS AREA														
Brownsville	37	10,276	26,702	N/A	N/A	N/A	N/A	157,733	268	148,772	87,902	110,000	75%	Yes
Harlingen	20	4,000	12,000	N/A	1.60	N/A	2.00	36,000	8,000	50,000	48,000	73,000	50%	Yes
Weslaco	11	3,600	8,200	N/A	N/A	N/A	1.83	25,000	0	48,000	28,500	100,000	86%	Yes
WEST TEXAS AREA														
Abilene	27	3,023	12,517	N/A	1.97	1.23	1.91	113,934	47,553	89,664	63,653	28,980	100%	Yes
Amarillo	47	3,400	15,500	N/A	.82	N/A	1.81	N/A	N/A	cash	cash	30,413	70%	Yes
Ector Co.	38	3,868	13,497	1.04	1.50	1.39	1.81	65,979	22,262	47,161	31,045	147,036	95%	Yes
Midland	31	3,105	11,218	N/A	N/A	1.68	1.92	39,737	55,203	56,207	38,427	81,000	23%	Yes
San Angelo	28	1,738	10,294	N/A	N/A	1.57	1.82	32,282	29,475	107,187	36,346	45,360	100%	Yes
Ysleta	51	9,000	29,000	1.32	1.20	1.29	1.38	122,776	111,998	165,077	170,737	106,742	100%	Yes
TOTALS	1074	130,804	478,290	$14.76	$36.67	$23.14	$43.10	$1,470,639	$454,582	$1,569,954	$1,175,656	$3,395,249		
				AVE. COST	AVE. COST	AVE. COST	AVE. COST	⟨ LOSS	OF ⟩	⟨ LOSS	OF ⟩		AVE.% 72.5	
				$1.23	$1.75	$1.45	$1.87	$1,016,057 (69%)		$394,298 (25%)				

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* Purchase cost per pound to schools, 1989-90

[1] Values of commodities received for the periods 8/1/88 - 11/30/88 and 8/1/89 - 11/30/89 using values provided by State Distributing Agency

COMMODITIES FOR SCHOOL FOOD SERVICE

Are you aware of the effect the loss of cheese has had on the schools in Texas this year? Are you aware that most school districts are unable to utilize their full entitlement of Group B commodity items?

School districts want to continue receiving commodity products. Commodities are a viable part of our operation and provide a decided relief to our food budget. They allow for a greater variety of menu items that might not otherwise be offered; therefore, we must continue to receive the benefit.

In past years, 30-45% of the food served was commodity food items; however, from August through October of this year, schools have received 36% less food items from Group B and 71% less food items from the Bonus group foods. Translated to dollars, this amounts to $16,000 for a small school district and $158,000 for a large school district in Group B and Bonus food items. Consequently, schools have had to purchase foods to replace the loss of the commodity foods. When school districts finally receive their commodity foods, some of it inevitably remains in inventory for use at a later date.

Cheese and non-fat dry milk were bonus food items in past years. This school year cheese was allocated to the Group B commodities and then was removed from the allocation entirely, along with the dried milk. Therefore, schools are forced to purchase cheese and dried milk on the open market.

As a result of purchasing cheese, meal cost has increased by $.05 per serving on menus containing a cheese product. Schools are paying an average price of $1.99 per pound for cheese. The commodity price last year was $1.23 per pound. Therefore, schools are purchasing cheese, an additional expense in itself, at $.76 per pound higher than the commodity price. The purchase of cheese and other meat/meat alternate foods to replace the loss of commodity cheese alone will increase the food budget by 10-15%. Some school districts have modified their menus by eliminating cheese as much as possible from the menu or by using cheese as a garnish rather than using it to meet the meat/meat alternate requirement. The lack of cheese on the menu has decreased the quality and variety of menu items.

Some school districts are unable to fully utilize their Group B entitlement and would, therefore, like to decrease the allotment of Group B items and increase the allotment of Group A items. USDA allocates 75% of the money to Group A commodities and 25% to Group B commodities. For your information, group B items are illustrated on Exhibit A. They include, at this time, rice, grits, macaroni, rotini, rolled oats, oil, shortening, peanut butter, peanut granules, roasted peanuts, spaghetti and rolled wheat. School districts can utilize these items to enhance the menu. However, too much of these items load the menu with starch and high fat foods - which we are mandated to limit in our menus.

A survey was conducted of serveral South Texas school districts. Exhibit B illustrates the school district and pertinent information about each. They were asked the following questions.

1.) Do you wish to continue receiving USDA commodities?

2.) What is the effect of commodities on your program?

3.) How has the loss of cheese and dried milk affected your operation and your budget?

4.) Do you have any questions or comments you would like relayed to the Committee on Agriculture concerning the USDA commodities?

This report was prepared from their comments and the following comments and concerns were expressed.

1.) If cheese and dried milk are not available, could we be allowed to choose foods from the Group A to replace these foods?

2.) If a school district has a balance of unused Group B monies, could the balance be transferred to Group A? If a balance is indicated on the Form 506-C, the school district could be contacted and given the choice of moving the balance of monies to the Group A commodities, therefore, avoiding the loss of the allocated money. Or perhaps the school district could be given a CLOC (cash in lieu of commodity or letter of credit) for the unused balance.

3.) School districts do not want imitation cheese as a commodity product. The quality and taste are not acceptable.

4.) The valley distribution warehouse has not received butter. Will butter be discontinued as a commodity item?

5.) More meats, fruits, and vegetables are desired.

6.) Harlingen I.S.D. complained that the McAllen warehouse is sometimes shorted on their allocations.

7.) At this point in time last year 25% of the annual allotment of Group A and B items had been distributed. This year 15% has been received.

8.) It would be desireable to have the choice of receiving the bulk of the Group A allocations in September and October.

9.) Some districts have complaints concerning the processing method of some of the items. In particular, the figs we received some time ago were shipped to us with the stems on. This is not a readily acceptable item to our students in this area; yet we accept them and then must spend considerable labor time removing the stems before we can begin preparation of the dish.

In conclusion, I want to repeat that school districts wish to continue receiving commodities. We would appreciate your consideration of the concerns and comments as outlined and allow the school districts to be better able to fully utilize their commodity allocations.

(Attachments follow:)

AGREEMENT NUMBER 137001A
WAREHOUSE NUMBER 606

TEXAS DEPARTMENT OF HUMAN SERVICES
ESTIMATED REQUIREMENTS OF DESIGNATED COMMODITIES
GROUP B

EXHIBIT A

PAGE 4
FORM 506C

SECTION A

	MILLED RICE 25# . B530 UNITS REQUESTED	CORN GRITS 50# . B400 UNITS REQUESTED	MACARONI 20# . B430 UNITS REQUESTED	ROTINI 20# . B435 UNITS REQUESTED	ROLLED OATS 12/3# . B440 UNITS REQUESTED	SALAD OIL 6/1 GAL. . B670 UNITS REQUESTED
JUL						
AUG						10
SEP	20		10			10
OCT	20		10			10
NOV	20		10			10
DEC	20		10			10
JAN	20		10		5	10
FEB	20		10		5	10
MAR	20		10			10
APR	20		10		5	10
MAY	20		10		5	10
JUN						
TOTAL UNITS	180		90		20	100
X COST =	4.43	5.57	4.73	5.28	7.56	16.32
TOTAL COST	797.40		425.70		151.20	1632.00

SECTION B

	PEANUT BUTTER 6/#10 . B460 UNITS REQUESTED	P BUTTER CHNKY 6/#10 . B485 UNITS REQUESTED	PEANUT GRANULE 6/#10 . B490 UNITS REQUESTED	PEANUTS, RSTD. 6/#10 . B500 UNITS REQUESTED	SHORTENING 12/3# . B720 UNITS REQUESTED	SPAGHETTI 20# . B842 UNITS REQUESTED
JUL						
AUG						
SEP	10				5	
OCT					5	
NOV					5	
DEC					5	
JAN			1		5	
FEB					5	10
MAR			1		5	10
APR					5	10
MAY			1		5	10
JUN						
TOTAL UNITS	10		3		45	40
X COST =	33.28	33.02	19.44	20.19	16.30	5.21
TOTAL COST	332.80		58.32		733.50	208.40

TOTAL UNITS ORDERED THIS PAGE	1	488.00
TOTAL COST THIS PAGE	2	$4,339.32

IF YOU SUBMIT A CHANGE, PLEASE MAKE A COPY OF THE COMPLETE FORM 506C AND RETAIN IT FOR YOUR FILES.

II

TEXAS DEPARTMENT OF HUMAN SERVICES
ESTIMATED REQUIREMENTS OF DESIGNATED COMMODITIES
GROUP B - CONTINUED

FORM 506C PAGE

AGREEMENT NUMBER 137001A
WAREHOUSE NUMBER 605
PHONE NUMBER 512-592-3387

SECTION C

	ROLLED WHEAT 5/10# . B571	MOZZ. CHEESE 8/6# . B078	SHORT. LIQ. 6/1 GAL. . B685	CHEDDAR CHEESE 40# . B072	PROCESS CHEESE 6/5# . B060	N. F. D. MILK 50# . B11
	UNITS REQUESTED	UNITS REQUESTED	UNITS REQUESTED	UNITS REQUESTED	UNITS REQUESTED	UNITS REQUESTED
JUL						
AUG						
SEP			10			
OCT			10			
NOV			10			
DEC			10			
JAN			10			
FEB			10			
MAR			10			
APR			10			
MAY			10			
JUN			10			
TOTAL UNITS			100			
X COST =	10.05	65.68	17.17	49.10	38.24	40.50
TOTAL COST			1717.00			

PLANNED ASSISTANCE LEVEL: $18,834.12
AVERAGE DAILY PARTICIPATION: 3,249
PAL BALANCE: $12,777.80

	TOTAL UNITS	TOTAL COST
THIS SECTION	3 100	4 $1,717.00
PAGE 4	5 488	6 $4,339.32
GRAND TOTAL GROUP B	7 588	8 $6,056.32

GRAND TOTAL FOR GROUP B ITEMS CANNOT BE MORE THAN THIS NUMBER (105% OF PAL): $19,775.82

HELEN FLOWERS
KINGSVILLE ISD
P.O. BOX 871

KINGSVILLE TX 78363

SEQUENCE # 0000000596

EXHIBIT B

SURVEYED SCHOOL DISTRICTS

SCHOOL	ADA	ADP	ANNUAL FOOD COST	ALLOCATION		ESTIMATED ADDITIONAL FOOD COST*
				GROUP A	GROUP B	
ALICE ISD	5,871	3,898	$ 549,000	$ 68,900	$ 22,900	$ 90,000
BROWNSVILLE	31,820	27,659	2,760,836	443,529	147,844	210,000
CALALLEN ISD	4,257	2,066	395,000	34,300	11,460	N/A
CORPUS CHRISTI ISD	40,149	27,300	8,000,000	462,000	154,000	158,000
HARLINGEN ISD	13,260	12,000	1,847,985	201,157	67,052	70,000
KINGSVILLE ISD	5,236	3,694	495,000	56,500	16,255	50,000
RICARDO ISD	506	192	58,000	3,850	1,350	N/A
RIVERA ISD	456	293	37,000	4,869	1,623	10,000
ROBSTOWN ISD	4,194	3,691	384,000	64,200	21,400	60,000
SAN DIEGO	1,550	1,180	202.000	19,877	6,625	10,000

* ESTIMATED ADDITIONAL FOOD COST BECAUSE OF LOSS OF BONUS COMMODITY ITEMS

TESTIMONY OF
DAVID A. WILLIAMS
EXECUTIVE DIRECTOR
OF
THE HOUSTON FOOD BANK
HOUSTON, TEXAS

GOOD MORNING. I APPRECIATE THE OPPORTUNITY TO ASSIST THIS COMMITTEE AS IT PREPARES THE 1990 FARM BILL. I WOULD LIKE TO PROVIDE SOME BACKGROUND INFORMATION ON THE RELATIONSHIP BETWEEN THE HOUSTON FOOD BANK AND THE TEFAP PROGRAM AND TO OFFER SOME SUGGESTIONS AS TO THE FUTURE OF THIS PROGRAM.

THE HOUSTON FOOD BANK IS A PRIVATE, NON-PROFIT ORGANIZATION WHICH ACTS AS A CLEARINGHOUSE WHERE FOOD COMPANIES AND INDIVIDUALS CAN DONATE WHOLESOME, EDIBLE FOOD. THIS FOOD IS THEN DISTRIBUTED TO 350 LOCAL CHARITIES THAT FEED THE POOR, HUNGRY, AND VICTIMS OF CRISIS.

SINCE 1982, THE HOUSTON FOOD BANK HAS DISTRIBUTED OVER 50 MILLION POUNDS OF FOOD. WE ARE ONE OF 200 FOOD BANKS IN THE UNITED STATES WHICH ARE MEMBERS OF THE SECOND HARVEST NATIONAL FOOD BANK NETWORK. LAST YEAR, THIS NETWORK OF FOOD BANKS COLLECTIVELY DISTRIBUTED 400 MILLION POUNDS OF FOOD TO 38,000 CHARITIES.

FOOD BANKS THROUGHOUT THE COUNTRY HAVE PLAYED AN INTEGRAL ROLE IN DISTRIBUTING USDA COMMODITIES RIGHT FROM THE BEGINNING OF THE TEFAP PROGRAM. IN 1987, FOOD BANKS HANDLED ABOUT 11 PERCENT OF ALL TEFAP COMMODITIES DISTRIBUTED IN THE UNITED STATES. IN HOUSTON, TEFAP COMMODITIES PLAYED A SIGNIFICANT ROLE IN ASSISTING NEEDY PEOPLE DURING HOUSTON'S ECONOMIC CRISIS OF THE EARLY 1980'S WHEN OVER 200,000 JOBS WERE LOST.

TO GIVE YOU PERSPECTIVE ON OUR INVOLVEMENT IN TEFAP, WE BEGAN DISTRIBUTING IN 1982 AND HANDLED ABOUT 800,000 POUNDS. IN 1987 THAT FIGURE GREW TO 4 MILLION POUNDS OF COMMODITIES. THIS YEAR, OUR DISTRIBUTION TOTAL DECREASED TO ONE MILLION POUNDS -- ONE-QUARTER OF THE 1987 AMOUNT.

HOW DID THIS HUGE DROP EFFECT THE NEEDY PEOPLE WE SERVE? IN 1987, ONE HUNDRED THOUSAND PEOPLE EACH RECEIVED ABOUT 40 POUNDS OF TEFAP FOOD. IN 1989, ONLY 43,000 PEOPLE HAVE RECEIVED 23 POUNDS OF FOOD EACH -- LESS THAN HALF AS MANY PEOPLE RECEIVING ABOUT HALF AS MUCH FOOD. IN HUMAN TERMS, THERE IS A REAL CAUSE FOR CONCERN.

TO SUMMARIZE MY OBSERVATIONS ABOUT THIS PROGRAM:

* WHEN CHEESE WAS ELIMINATED FROM TEFAP IN JULY 1988 WE EXPERIENCED A DRASTIC DECLINE IN THE NUMBER OF PARTICIPANTS. IN JUNE WE SERVED 74,000 INDIVIDUALS IN 22,000 HOUSEHOLDS.

BY SEPTEMBER, THE FIGURES DROPPED TO 48,000 INDIVIDUALS IN 14,500 HOUSEHOLDS.

* THE ALLOCATION OF $120 MILLION FOR THE PURCHASE OF COMMODITIES UNDER THE HUNGER PREVENTION ACT OF 1988 WAS A GOOD IDEA. AS A MATTER OF FACT, I SERIOUSLY DOUBT THAT THE HOUSTON FOOD BANK WOULD HAVE CONTINUED THE TEFAP PROGRAM IF THESE ADDITIONAL ITEMS WERE NOT AVAILABLE.

THIS YEAR, WE DISTRIBUTED BEANS, EGG MIX, PORK, PEANUT BUTTER AND RAISINS, IN ADDITION TO THE SURPLUS COMMODITIES PREVIOUSLY AVAILABLE, INCLUDING BUTTER, FLOUR, CORNMEAL, AND HONEY. TO ME, THIS WAS AN IMPRESSIVE LIST OF COMMODITIES. HOWEVER, IN REALITY, THE ONLY CONSISTENTLY AVAILABLE COMMODITY WAS BUTTER. IN FACT, 41 PERCENT OF THE COMMODITIES RECEIVED WAS BUTTER. IN 1988, THERE WERE SOME TIMES WHEN BUTTER WAS THE ONLY COMMODITY WE DISTRIBUTED. GENTLEMEN, THERE ARE ONLY SO MANY THINGS YOU CAN DO WITH BUTTER. WE HAVE FOUND THAT MANY PEOPLE WILL NOT STAND IN LINE TO RECEIVE ONLY BUTTER.

* EVERY SEGMENT OF OUR NEEDY POPULATION HAS BEEN AFFECTED BY THE REDUCTION OF TEFAP -- THE WORKING POOR AND THOSE ON OTHER GOVERNMENT ASSISTANCE PROGRAMS TO NAME TWO. BUT THE ELDERLY HAVE BEEN MOST HURT BY THE REDUCTION.

* IT IS MY UNDERSTANDING THAT SOME ADVOCACY GROUPS IN

WASHINGTON DO NOT WANT TEFAP TO BE REAUTHORIZED AND WOULD RATHER SEE THE EMPHASIS PLACED ON THE FOOD STAMP OR WIC PROGRAMS. TAKING NOTHING AWAY FROM FOOD STAMPS OR WIC, I WOULD SUBMIT TO YOU THAT THIS PROGRAM ADDRESSES A SEGMENT OF OUR NEEDY POPULATION THAT WOULD NEVER APPLY FOR FOOD STAMPS OR STAND IN LINE FOR EMERGENCY ASSISTANCE. AND YET, THESE POOR PEOPLE DEPEND ON THIS PROGRAM TO SUPPLEMENT THEIR DIETS AND HELP THEM MAKE ENDS MEET.

OUR SPECIFIC RECOMMENDATIONS WOULD BE TO:

* REAUTHORIZE TEFAP FOR AN ADDITIONAL TWO YEARS.

* AT MINIMUM KEEP THE $50 MILLION ADMINISTRATIVE MONIES IN TACT. IT DOESN'T COVER ALL COSTS, BUT IT CERTAINLY HELPS.

* CONSIDER EXPANDING THE QUANTITY OF SURPLUS AND PURCHASED COMMODITIES AVAILABLE FOR DISTRIBUTION UNDER TEFAP TO 1987 LEVELS.

I WILL CLOSE BY SAYING THAT ONE OF THE MOST ATTRACTIVE ASPECTS OF TEFAP IS THE UNIQUE PARTNERSHIP THAT HAS BEEN CREATED BETWEEN THE PUBLIC AND PRIVATE SECTORS, WHICH MAKES TEFAP A VERY EFFICIENT AND EFFECTIVE PROGRAM.

I DON'T EVEN WANT TO THINK ABOUT WHAT THE COST WOULD BE IF THE GOVERNMENT HAD TO HANDLE DISTRIBUTION TO THE ULTIMATE

RECIPIENT. I THINK TEFAP IS A REAL BARGAIN. VOLUNTEERS DO THE MAJORITY OF THE DISTRIBUTING OF COMMODITIES. EVERY MONTH OVER 3,300 VOLUNTEER HOURS ARE DONATED TO DISTRIBUTE THIS FOOD. IN HOUSTON ALONE, AT $5 AN HOUR, THE VALUE OF THIS WORK IS ABOUT $200,000 PER YEAR. ADD THE DONATION OF FACILITIES, UTILITIES AND TRANSPORTATION AND YOU CAN SEE THAT THIS COMMUNITY HAS MADE A TREMENDOUS INVESTMENT IN THIS PROGRAM.

FROM CHURCHES TO V.F.W.'S TO COMMUNITY CENTERS, THE PRIVATE SECTOR MAKES TEFAP WORK IN THOUSANDS OF COMMUNITIES THROUGHOUT THE UNITED STATES. DURING THESE DAYS OF BUDGET DEFICITS, I BELIEVE WE SHOULD BE LOOKING TO EXPAND, NOT REDUCE, PROGRAMS THAT UTILIZE THE TALENTS OF THE PRIVATE SECTOR AND GIVE THE AMERICAN TAXPAYER THE BIGGEST BANG FOR HIS BUCK.

SINCE I AM REPRESENTING 60 PROGRAMS THAT PERFORM THE ACTUAL DISTRIBUTION OF COMMODITIES, I HAVE INCLUDED AFTER MY WRITTEN TESTIMONY QUOTES FROM SOME OF THESE PROGRAM COORDINATORS FOR YOUR REVIEW.

THANK YOU.

(Attachment follows:)

ATTACHMENT TO TESTIMONY OF
DAVID WILLIAMS,
THE HOUSTON FOOD BANK

Leonard Earl of Tomball V.F.W. #2427

"Many people ask 'Why can't we get more food?'"

Theresa Atkins of West End YWCA

"People come at 8:00 in the morning and can't wait to get their commodities. They really need them. It's a good program."

Rose Harris of Northeast Community Center

"I believe it has made a difference. At my center it mostly benefits the senior citizens. They look forward to it. I'd like to see the cheese and rice added. We used to get that."

Papa Johnson of First Baptist Church of Recreation Acres

"I think it's one of the greatest things for the old people. Of course, we're down to getting three items, they would appreciate a little more. Everyone still hollers for cheese."

Lucy Johnson of Greater Jordan River

"To the people in the community it's a big help. They really need that food. When we faced the possibility of closing the program down, because I couldn't do it all, they got very sad and the community came forth and said they would pitch in and help."

Mary Moronis of V.F.W. #9187

"It does help. At one time we got discouraged because we didn't have a lot of commodities, but we saw all the people come in, and they really need it, especially the ones who are invalid, disabled. It really makes a difference to them."

Mr. Whitney Melancon of Assumption Catholic Church

"People are getting disgusted (only butter and peanut butter given in November 1989). They are still griping about cheese. We don't give enough food for a month. It's too much time to come and just get a little bit. The government should give more. At least four items to everyone. Big families should get more."

Margaret Carrizal of Chicano Family Center

"This program has made a big difference in the lives of the people we serve. What is good about this program is that the only criteria is income."

Larry Lartique of Bethel Baptist Church

"Older people want us to continue to distribute even if it's only two items. Others sometimes complain. We mainly serve senior citizens." (Serves approximately 1,000 households.)

Freddie Thomas of St. Philip Neri Catholic Church

"It is a good program. My senior citizens appreciate it more than anyone. They just wish they could get the cheese. It has more substance than butter. What can you do with butter? With cheese you can make a meal. They are appreciative of all we give them."

Jackie of Harbach Ripley Neighborhood Centers

"This program is making a big difference. Sometimes this is the only food that some of them get around the end of the month. Some of them plan their food program around the commodities. They run out of food stamps and they have the commodities to look forward to. They can stretch them to the end of the month. Most of the people are on food stamps, low income, senior citizens, or disabled. I don't know how you could improve the program except to give more food."

Rev. Rhone of St. Philip Baptist Church

"This program has helped many. I have noticed a diminished number of participants since we don't receive cheese anymore. It's a well organized program. I can add in food from The Houston Food Bank to what is given out at USDA distribution. It keeps people from breaking into homes. People have come in and said, 'I haven't worked for a year and this program has helped my family.' So many people are out of work. Some can't get jobs."

Hester Cokrell of Berean Baptist Church

"In the neighborhood that I'm in it really makes a difference. Most of the people are on fixed incomes, family members are out of work and have moved back home. The Houston Food Bank does a great job. More government commodities are needed. Some complain. I think it's a big help regardless of what they get. We would like to see more food that is nutritious. People are still asking for cheese."

**Interfaith
Hunger Coalition**

ELLEN B. MITCHELL
Program Director

Testimony before the House of Representatives, Committee on Agriculture,
Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition
Field Hearing on Food Stamp Program
Houston, Texas
December 1, 1989

Members of the Subcommittee:

My name is Ellen B. Mitchell and I am Director of the Interfaith Hunger Coalition. Our agency, which is a program of Houston Metropolitan Ministries, seeks to address local hunger as well as hunger issues through direct service, education and advocacy.

I represent a volunteer community which has been struggling to meet emergency food needs for so long a period of time that we now recognize that we can no longer call it an "emergency" response. It is the status quo. There is a public policy issue here. We believe that Food Stamps are central and critical in that public policy.

We know there is hunger in Houston because it calls our Hunger Hotline every Monday through Friday, over 70,000 last year, asking for emergency food. We know that of those who were referred by the Hotline, 41,178 were children. We know that only about 50% of those who called receive Food Stamps.

217 MONTROSE BLVD. • HOUSTON, TEXAS 77006 • (713) 520-4620

Our network of 137 Emergency Food Pantries responded last year to over 1,000,000 requests for food. That represents well over 12,000,000 meals. That number has doubled every year for the last four years.

In this 14th year of service, we hear the word "Help" more and more often. It comes not only from the people who need food for themselves and their families, but we also hear "Help" coming from those volunteers who are so dedicated to helping others. The numbers of people turning to Emergency Pantries as a major source of food are so large that the Pantry system is exceeding strained by that burden. At the same time, the nation's basic nutrition program, Food Stamps, has increased very little. What we have effectively done, by default, is to institutionalize the system that was created to meet emergencies only. It is now called on to provide regular food resources for increasing numbers of families. We have institutionalized a voluntary system that is irregular in procedures and requirements, is unreliable in its food supply and is inadequate to serve ever-increasing numbers.

We in Houston have built a system that has responded and accomplished an incredible task. In addition to Pantries, the Hunger Coalition has established a "Food For Seniors" project to deliver one bag of groceries a month to each of 500 low-income seniors. There are some for whom this is the major, regular source of food for the month. They wait for it, and they are grateful. Only a third of our Seniors receive Food Stamps and their average monthly allotment of stamps is $15.00 for the month. In our area, there are 73,000 people over 65 who are living below the poverty level. We provide food to 500; the Meals On Wheels Program serves 4500 homebound seniors;

congregate feeding programs serve about 2000 more. We worry about the other 66,000 low-income seniors in our community.

In many Pantries, volunteers give out and help with Food Stamp applications. Many Pantries also require clients to apply for Food Stamps before they give food a second time. Volunteers indicate that this policy does cause Food Stamp applications to be submitted and that families are more successful in obtaining Food Stamps because the Pantry volunteers help with the application process and give assistance with forms and needed information. There is a much lower completion rate when people do not have this kind of informed assistance.

But this emergency food system, the local Food Pantries, is being pushed beyond it's capacity to feed the substantial numbers of hungry in our city. We, the private sector, must have a more effective public sector partner in combatting hunger. We must have a more effective national food assistance program in this country. We must have a Food Stamp program that can readily reach all of those who are in need of sustaining food.

The Interfaith Hunger Coalition recommends the following changes to the Food Stamp Program:

1. Establish a uniform federal program that is available and accessible to the 50% who are income-eligible and who are not receiving Food Stamps.

We are concerned about the 50% of eligible low-income families and individuals across the country who are not receiving Food Stamps because of the following barriers: too much information required, lack of adequate bilingual staff, restrictive office hours, long waits, the cost of birth certificates, inability to validate Social Security applications, etc.

Why do we have an entitlement program that only reaches one out of every two people who need food? Why do we provide only 3/4's of what is needed? Why is there such a stigma attached to the program that many peoplr can not even bring themselves to apply? Many times we have heard the plaintive cry, "Please, let me have food just one more time - for my children", but then, an absolute refusal to consider Food Stamps. "That's charity, that's welfare, and we couldn't possibility do that." Pride is often a major barrier.

2. Increase basic food stamp allotment to more adequate levels.

Sixty-one cents per meal is not an adequate amount to provide nourishing food. The Thrifty Food Plan, by design, does not provide a nourishing diet and does not last throughout the month. Our Hunger Hotline calls increase at the end of every month. People can not stretch their stamps any further. It is wrong to assume that emergency food providers can always be open and waiting for these folks to appear. Pantries have had to adopt rules and regulations to insure their limited amount of food goes to the most people possible. Many Pantries will serve families only once or twice; many Pantries close periodically because they are out of food.

3. Reconsider mandatory definition of "household".

Overcrowding in rental housing is a way of life for many in Houston. The issue here is not how many are in the "household" but how many "households" reside in the house. One local WIC office reports that their average client's "household" consists of three different families. (And Houston has one of the lowest urban housing costs in the nation.) Homeless does not always mean living on the street; overcrowding also has to be considered.

4. Raise the $4,500 limitation on the value of motor vehicles.

We put many people in an impossible position with this regulation. Food Stamps are too often denied because a client must retain a car, no matter what the value, for a search for employment.

5. Allow full deductions on the shelter cost for low-income senior citizens and disregard the shelter standard deduction.

Even the resulting $30 or $40 a month increase in Food Stamps could make a great deal of difference to these seniors.

6. Provide as many ways as possible to increase Food Stamp participation by the elderly. A generic application for all federally funded programs for the elderly would vastly improve accessibility.

Attached you will find suggestions from other members of our community aimed at increasing the number of seniors citizens participating in the Food Stamp Program.

Today, we have to face the reality that hunger has become a major threat to our society in the United States. In order to have a strong, productive, well-educated citizenry, we must have public policies and programs that will ensure the availability of sustaining nourishment for all. There is a national will to do something about hunger. This is your opportunity to exercise national leadership by strengthening the Food Stamp program and to effectively and efficiently address hunger in every state in this country.

Thank you for the opportunity to appear before you today.

Ellen B. Mitchell

Ellen B. Mitchell

(Attachment follows:)

Food Stamp Participation by the Elderly

The following proposals are being provided as ways to increase Food Stamp participation by the elderly.

Deductions:

- Allow all Medical deductions - eliminate the $35.00 deduction
- Increase standard deduction from $112.00 to $150.00
- Allow foods for special diets as Medical deductions (would include dietary supplements)
- Allow deductions for bills incurred outside of current certification period
- Allow Medical deduction for supplies not prescribed
- Increase utility standard
- Increase telephone standard
- Disregard $50.00 of income or 20% of income

Allotment:

- Increase minimum benefits from $10.00 to $25.00

Resources:

- Increase resource limit to $4500.00 (Disabled resource limit to match elderly limit)
- Totally exempt one burial plot per person
- Totally exempt one vehicle
- Exempt prepaid burial plans, funeral plans, funeral agreements, etc.

Certification period:

- Increase certification period from one year to two years
- Extend ABU procedures to all elderly (Automated Benefits Unit)
- Always eligible as a separate household regardless of living situation (categorically eligible)
- Expedite eligibility applies to all entirely elderly households

WRITTEN STATEMENT FROM

SUSAN BAILEY

PROJECT DIRECTOR

TARGET HUNGER

TARGET HUNGER
A Review of the Six-Month Pilot Project and Proposal for
November 1989 - October 1990

The purpose of Target Hunger is to insure the availability of food and services to high risk residents, (infants, children and senior citizens). Working with one community at a time, (zip code 77026 for the pilot), we strengthen the agencies (food pantries and congregate meal sites), so that the needy are fed, and the community is led into ownership of the project.

Components of the plan include the following:

1. Gain community acceptance and participation.
2. Coordinate services of agencies within 77026 and agencies listed below.
   * Texas Department of Human Services
     - Providing food stamp outreach worker
   * End Hunger Network
     - Matching pantries to Red Barrel and Restaurant Loop Program
   * The Houston Food Bank
     - Distributing non-perishable and perishable foods to pantries and congregate food sites
   * Interfaith Hunger Coalition (Houston Metropolitan Ministries)
     - Developing community gardens
   * Texas Association of Social Ministry Coalitions
     - Providing leadership in coalition development
   * United Way
     - Providing neighborhood information and referral worker and funding
   * National Convenience Stores
     - Providing freezers for church pantries
   * Congressman Mickey Leland's office
     - Community & public relations
3. Increase access to food and services for agencies in 77026.

4. Create new resources in 77026
    a. Food stamp outreach worker
    b. Information and referral outreach worker

5. Lead the community into ownership so that, at some later date (one year goal), they run the project and director moves to another community to accomplish same.

6. Other goals include the following:

    a. Developing Community Advisory Board
    b. Surveying 77026 residents for needs assessment
    c. Developing volunteer program

After a successful six month pilot, the Community Select Committee on Hunger in Houston unanimously approved recommendations that:

1. Target Hunger continue in 77026 for one year

2. During this year, quarterly reviews are held to assess the community's ability to "take ownership" of the project in order to ascertain when Target Hunger Director can move on to develop another area.

3. Target Hunger to incorporate the area south of 77026 bounded by Hardy Street I-10 and Lockwood. (see map)

4. Through networking, attract other programs to the community that work to defeat the root causes of hunger and poverty.

Goals for November 1989 through October 1990 are as follows:

1. Foster Community Participation

    a. Lead the community into ownership of project
    b. Expand volunteer base

2. Increase access to food resources

    a. Distribute 500,000 lbs. of food
    b. Strengthen food pantries
    c. Develop 3 additional community gardens
    d. Allot $160,000 in food stamp benefits
    e. Provide information and referral services to 1500 people

Important elements that contributed to the pilot's success are as follows:

1. Development of a concerned advisory committee. Members contributed expertise in their respective fields, furthered community participation, and donated the following:

    a. Police officers repaired pantry food storage areas in off-hours.
    b. The following goods and services were donated:

        1. All building materials necessary to repair food storage areas of pantries.
        2. Refrigerators for pantries
        3. Siding and fencing for community gardens
        4. Repairs to existing equipment in pantries, i.e. refrigerators, stoves, etc.

2. Rapport with the community was established quickly and trust continues to build.

3. All of the aforementioned agencies coordinated their efforts on one project.

4. Having full time outreach workers in the community

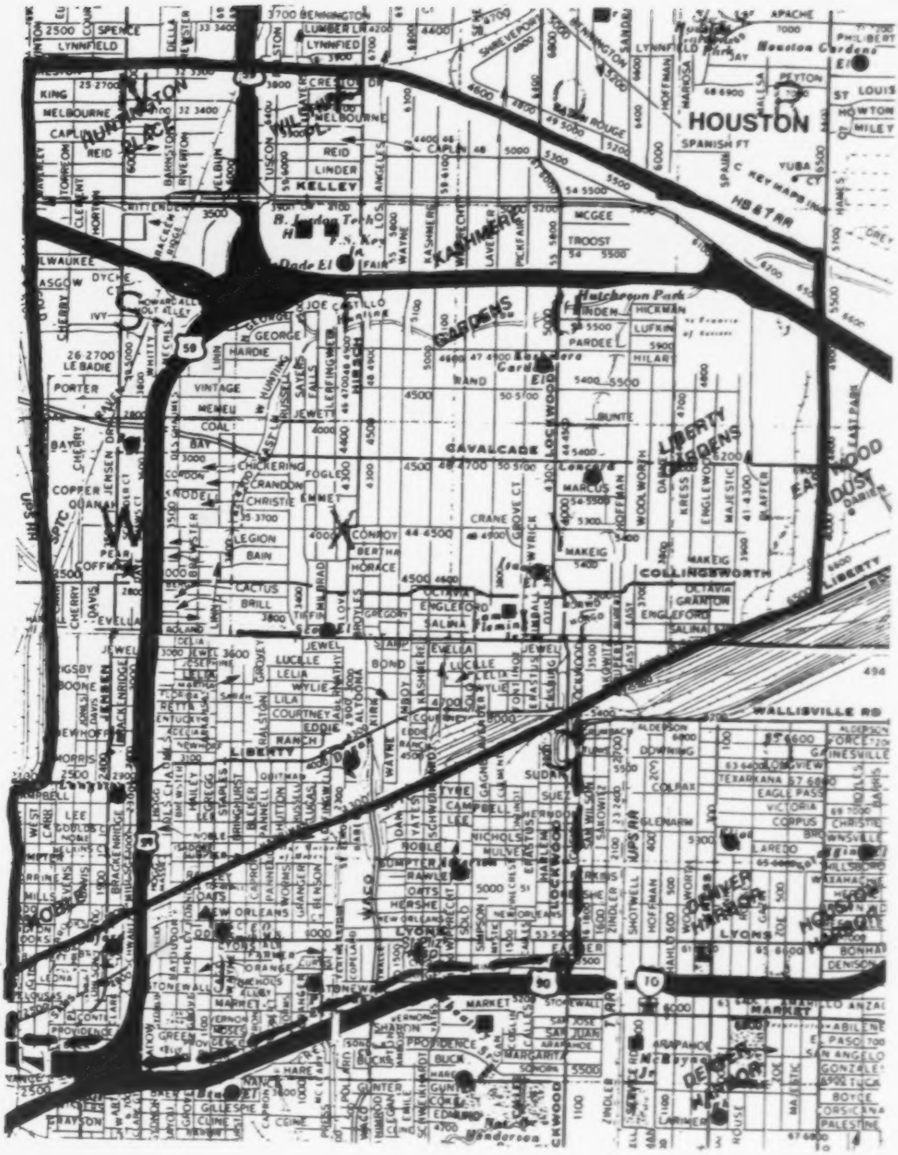
    a. project director
    b. food stamp worker
    c. information and referral worker

5. Community pride and excitement about "owning" the project.

(Attachments follow:)

FINAL REPORT
TARGET HUNGER PILOT PROJECT

GOALS FOR SIX MONTH ENDING 9/30/89	STATUS AS OF 9/30/89
GAIN COMMUNITY PARTICIPATION IN PROJECT:	
GOAL	STATUS
- Develop a Community Advisory Committee	- 15 community leaders active in project
- Develop a 50 person volunteer base	- 140 volunteers and 4 U of H Marketing students recruited
- Survey residents' needs	- Coordinated by Roger Durand, Director Bureau of Research, Ph.D. volunteers from U of H, Rice U., church members in 77026 - Conducted random door-to-door sampling of households, interviewing 235
INCREASE SERVICE PROVIDER ACCESS TO EXISTING FOOD RELATED RESOURCES:	
- Distribute a total of 150,000 lbs. of food, serving 7,200 meals per month	- Distributed 224,930 lbs. of food, feeding 7,249 meals per month
- Supply 10 programs with adequate refrigeration	- Provided 10 programs with refrigeration
- Link Red Barrels program with 3 pantries; obtain $4,500 for additional food purchases	- Red Barrel program linked to 3 pantries; $4,500 expensed for food purchases
- Renovate 10 pantries	- Repairs on pantries completed by Police Department
CREATE NEW FOOD RELATED RESOURCES:	
- Further development of pantry coalition by involving new pantries	- All new pantries have agreed to join Northeast Ministries
- Develop two community gardens	- Two gardens underway through Houston Metropolitan Ministries
- Food Stamp workers interviewed 330 households; 200 households were certified for food stamps	- 231 households interviewed, with 207 individuals certified. Benefits allowed totalled $78,999.
- Provide Information and Referral services to 1,050 people	- Information and Referral provided to 743 people


HUNTINGTON PLACE
WILSHIRE PL
HOUSTON
Houston Gardens
Lynnfield Park
HB & T RR
KELLEY
B. Lydon Tech H
F.S. Key Jr.
Dade El
KASHMERE
GARDENS
Kashmere Gardens El
Hutcheson Park
CAVALCADE
LIBERTY
GARDENS
EASTWOOD
INDUST
COLLINGSWORTH
LIBERTY
WALLISVILLE RD
LOCKWOOD
MARKET
DENVER
HARBOR
HOUSTON
HARBOR
59
90
10
Henderson

Target Hunger

A project of the
Community Select Committee
on Hunger in Houston

3811 Eastex Freeway
Houston, Texas 77026
713 223-3700

Co-Chairmen
Margaret Waxe Elkins
V.H. Van Horn
United Way of the Texas Gulf Coast

Congressman Mickey Leland
Lizie Owen

End Hunger Network
Barbara Falk
Mary Keegan
Sister Frances Klinger

Houston Food Bank
Gary Stein
David Williams

Houston Metropolitan Ministries'
Interfaith Hunger Coalition
Reverend Bruce Thomasson
Ellen Mitchell

Texas Department of Human Services
Mamie Ewing
Carol Anderson

The Texas Association of Social
Ministries Coalition
Jodie Goodwin

Project Director
Susan Bailey

TARGET HUNGER
COMMUNITY ADVISORY BOARD

Ms. Silver Smith
Manager
Mayor's Citizen's Ass.

Mrs. Robert Hernandez
Co-Owner
Ms. Betty Hernandez
Robert's Paint & Body Shop

Mr. Bob Chapman
Sr. Vice President
Channelview Bank

Ms. Anna Curtis
Administrator
Kashmere Multi-Service Ctr.

Ms. Mary Reed
Retired HISD School Adm.
Payne Chapel AME Church Bd.

Capt. Richard Williams
Officer R.W. Sherrouse
Northeast Substation
Houston Police Department

Mr. Clarence Taylor
Coordinator
Northeast Ecuminical Ministries
(N.E.M.)

Mr. C.G.Hardy
Owner
C.G. Hardy Motor Co.

Mr. William Allee
Owner
Allee's Grocery

Mr. Willie Goffney
Owner
Goffney's TV Clinic

Mr. Bradley Stein
Owner
Triple-S Steel Sply.

Mr. Steve Lufburrow
President
Goodwill Industries
Ms. Betty Handy
Clinic Coordinator

PROFILE OF ZIP 77026
(Source - 1980 Census Figures)

Total population	38,225	
Total occupancy (Households)	12,438	
# Black population	33,377	
# Asian population	92	
# Hispanic population	4,121	
# Unemployed in '80	1,130	
% avg.	6.9	(an average of the 11 census tracts making up the area)
#Unemployed in '87	3,277	
% Unemployed in '87 avg.	16.85	(an avg of the 11 census tracts making up the area)
Income of $15,000.	8,428	
Income greater than $17,500.	517	
Income Below poverty level	12,124	
% Below poverty level	32%	
Infant mortality rate	17.9%	77026
	9.9%	Harris County

93% of elementary school children on federal meal program (88% on free meals, 5% on reduced cost meals)

The entire area of Zip code 77026 is considered severely economically distressed by The Houston Housing Corp.

31.9% households without vehicles '80

Have Central Heat	24%
Have Air Conditioning	13.5%

FOOD STAMP PROGRAM AND COMMODITY DISTRIBUTION PROGRAMS IN THE 1990 FARM BILL

FRIDAY, DECEMBER 8, 1989

House of Representatives,
Subcommittee on Domestic Marketing,
Consumer Relations, and Nutrition,
Committee on Agriculture,
Bronx, NY.

The subcommittee met, pursuant to notice, at 9:30 a.m, Bronx, NY, Hon. Charles Hatcher (chairman of the subcommittee) presiding.

Present: Representative Emerson.

Staff present: Julia M. Paradis, Anita R. Brown, Xavier Equihua, and Lynn Gallagher.

OPENING STATEMENT OF HON. CHARLES HATCHER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. Hatcher. The hearing will commence. The Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition is pleased to be here in the Bronx for this field hearing on the commodity distribution programs and the Food Stamp Program.

As you know, the Food Stamp Program and the commodity distribution programs will be reauthorized in the 1990 farm bill. The reauthorization process gives us the opportunity to thoroughly review these vital nutrition programs. It is an ideal opportunity to learn how we might modify the programs to make them more responsive to the needs of recipients and more efficient administratively.

The Agriculture Committee has recently heard testimony that 8 million more Americans were poor in 1987 than in 1978. Not only are there more poor families now, but the poor have grown even poorer in recent years. The amount by which the income of the average poor family falls below the poverty line was greater in 1987 than in any year since 1962.

Obviously, hunger has increased as poverty has increased. As I am sure we will hear this morning from our witnesses, soup kitchens and food pantries have never been busier. In many States, food stamp participation has reached record levels, and the average allotment has increased. Because the Food Stamp Program is our Nation's primary hunger prevention program, we must do all we can to assure that it is meeting the needs of hungry Americans. Also, we must maintain the commodity distribution programs so that they might fulfill their dual purposes of helping to dispose of surplus agricultural commodities while feeding those Americans most in need.

We look forward to the testimony of this morning's witnesses and thank them for making the effort to be here. I would also like to take this opportunity to thank Mr. Coy LaSister, the director of markets of the New York City Department of Ports and Trade for making the arrangements for this subcommittee hearing. He has worked with the subcommittee staff on virtually every aspect of the hearing, and because of his efforts, we expect to have a very informative and comprehensive hearing this morning.

I am Charles Hatcher by the way—I think I forgot to say that—chairman of the subcommittee, and I would like to present to you at this time Bill Emerson, Congressman from Missouri, for an opening statement.

OPENING STATEMENT OF HON. BILL EMERSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI

Mr. **Emerson**. Thank you, Mr. Chairman. I want to commend you for holding this hearing today on the reauthorization of the Food Stamp Program and various other commodity and food related programs. This, of course, is a continuation of hearings we have held in preparation for the 1990 Food Security Act. We have had an ambitious agenda and a thorough review of the issues before the subcommittee. I am pleased that the subcommittee, under your leadership, is being both prompt and thorough by ensuring that we fully review and explore the issues that will become a part of the Food Security Act of 1990 and I would ask unanimous consent to revise and extend my remarks.

Mr. **Hatcher**. Without objection, so ordered.

[The prepared statement of Mr. Emerson follows:]

STATEMENT

OF

THE HONORABLE BILL EMERSON

SUBCOMMITTEE ON DOMESTIC MARKETING,
CONSUMER RELATIONS, AND NUTRITION

REAUTHORIZATION OF THE FOOD STAMP AND COMMODITY
DISTRIBUTION PROGRAMS

BRONX, NEW YORK

DECEMBER 8, 1989

THANK YOU MR. CHAIRMAN. I WOULD LIKE TO COMMEND YOU FOR HOLDING THIS HEARING ON THE REAUTHORIZATION OF THE FOOD STAMP PROGRAM AND THE COMMODITY DISTRIBUTION PROGRAMS. THIS IS A CONTINUATION OF THE SEVERAL HEARINGS THE SUBCOMMITTEE HAS HELD IN PREPARATION FOR THE 1990 FOOD SECURITY ACT. WE HAVE HAD AN AMBITIOUS AGENDA AND A THOROUGH REVIEW OF THE ISSUES BEFORE THE SUBCOMMITTEE. I AM PLEASED THAT THE SUBCOMMITTEE, UNDER YOUR LEADERSHIP, IS BEING BOTH PROMPT AND THOROUGH BY ENSURING THAT WE FULLY EXPLORE THE ISSUES THAT WILL BECOME A PART OF THE FARM BILL.

THE ISSUE OF HOW TO BEST PROVIDE ASSISTANCE TO LOW INCOME INDIVIDUALS AND FAMILIES IS OF GREAT IMPORTANCE. OVER THE PAST SEVEN YEARS I HAVE SERVED AS THE RANKING REPUBLICAN ON THE NUTRITION SUBCOMMITTEE. I HAVE ACCOMPANIED OUR CURRENT CHAIRMAN AND THE PREVIOUS CHAIRMAN ON FIELD HEARINGS ACROSS THE UNITED STATES. I HAVE BEEN TO FOOD BANKS, TO SOUP KITCHENS AND TO WELFARE OFFICES. I HAVE PERSONALLY SPOKEN TO BOTH FAMILIES IN NEED OF ASSISTANCE AND TO THOSE PROVIDING THE ASSISTANCE. I FIRMLY BELIEVE THAT IN OUR NATION OF ABUNDANCE IT IS A TRAGEDY FOR ONE CHILD, FOR ONE ELDERLY PERSON OR FOR ANYONE TO GO HUNGRY. WE ARE A GENEROUS COUNTRY - BOTH THROUGH GOVERNMENT PROGRAMS AND THROUGH THE PRIVATE SECTOR.

THIS YEAR, USDA NUTRITION ASSISTANCE PROGRAMS ALONE PROVIDE OVER $22 BILLION IN FOOD AID. PRIVATE SECTOR CONTRIBUTIONS TO VARIOUS NON-PROFIT ORGANIZATIONS REGULARLY INCREASE FROM YEAR TO YEAR AND ARE SEVERAL TIMES THE AMOUNT OF GOVERNMENT ASSISTANCE. AND YET, THERE IS NO DISPUTE THAT NEED EXISTS - BOTH IN URBAN AND RURAL AREAS OF THE UNITED STATES. IT IS MY HOPE THAT THROUGH OUR HEARINGS AND REAUTHORIZATION OF THE FOOD STAMP AND OTHER PROGRAMS WE CAN FULLY EXAMINE THE NEEDS AND CRAFT THE APPROPRIATE RESPONSE.

LAST YEAR THE CONGRESS PASSED, AND THE PRESIDENT SIGNED, A HUNGER PREVENTION BILL, AT A COST OF $3 BILLION OVER FIVE YEARS. THE OVERRIDING PRINCIPLE THAT WAS INCORPORATED WAS THAT THE BILL

SHOULD PROVIDE ADDITIONAL BENEFITS TO NEEDY PEOPLE WITHOUT FURTHER COMPLICATING THE FOOD STAMP OR OTHER PROGRAMS. THIS PRINCIPLE IS REINFORCED BY THE ADDITION OF A SECTION ON THE REFORM OF THE FOOD STAMP QUALITY CONTROL/FISCAL SANCTION SYSTEM - A PROCESS WE HAD BEEN WORKING ON SINCE MAY OF 1986. IT MAKES LITTLE SENSE TO REFORM THE TOOL USED TO ASSESS THE MANAGEMENT AND ACCOUNTABILITY OF THE STATES' ADMINISTRATION OF THE FOOD STAMP PROGRAM AND THEN FURTHER COMPLICATE AN ALREADY COMPLICATED PROGRAM.

IT IS NOW TIME TO TAKE A THOROUGH LOOK AT THESE PROGRAMS---ESPECIALLY THE FOOD STAMP PROGRAM---TO SEE IF THE GOALS OF THE PROGRAM ARE BEING MET IN AN EFFECTIVE AND EFFICIENT MANNER AND HOW THE ADMINISTRATION AND THE DELIVERY OF BENEFITS CAN BE IMPROVED.

THE SUBCOMMITTEE HAS RECEIVED MANY RECOMMENDATIONS FOR CHANGES TO THE USDA FOOD ASSISTANCE PROGRAMS---SOME OF WHICH WILL REQUIRE ADDITIONAL FUNDING. ONCE THAT DETERMINATION IS MADE IT IS MY HOPE THAT THE SUBCOMMITTEE WILL PROCEED TO CRAFT A BILL THAT WILL ADDRESS THE CONCERNS EXPRESSED TO US IN A RESPONSIBLE MANNER AND WILL REFLECT THE NEEDS OF NEEDY FAMILIES ACROSS THE UNITED STATES. IT IS MY BELIEF THAT SUCH A RESPONSE WILL INCLUDE CONTINUATION AND EXPANSION OF THE COMMODITY DISTRIBUTION PROGRAMS THAT ARE SO NECESSARY TO FAMILIES AND INDIVIDUALS IN NEED.

THANK YOU MR. CHAIRMAN.

Mr. **Hatcher.** A little bit about how the hearing will proceed this morning. We have three panels of witnesses. I think in the end we will have three witnesses in each panel and we are going to take testimony from you in the order in which your name appears on the witness list. We will withhold questioning from Mr. Emerson and myself until after all members of a particular panel have testified. After we hear from the three gentlemen here, then we will have questions from myself and Mr. Emerson, and then we will move on to the next panel.

We hope to operate as closely as possible to the 5-minute rule. We do have some leeway there for those who might need additional time.

The written statements of each witness that have already been presented to the subcommittee staff will be made a part of the hearing record. In some instances, I understand you want to revise those or submit them later. The record will be left open for that opportunity. But, in any event, your full written statement will be made a part of the hearing record and you are free to proceed by paraphrasing, reading or however you feel you can best present your point of view and your comments.

With that, let me call on Mr. Oscar R. Best, deputy commissioner, division of income maintenance, New York State Department of Social Services in Albany, New York, as our first witness.

STATEMENT OF OSCAR R. BEST, DEPUTY COMMISSIONER, DIVISION OF INCOME MAINTENANCE, NEW YORK STATE DEPARTMENT OF SOCIAL SERVICES

Mr. **Best.** Mr. Chairman and Congressman Emerson, good morning. I welcome the opportunity to share with you the issues this morning that New York State has identified and our recommendations for improvements. These suggestions, if enacted, will go a long way toward making the Food Stamp Program more responsive to the needs of families by improving benefits and removing barriers for participation, as well as easing the administrative burden State by State.

My first recommendation is to uncap the excess shelter deduction. This deduction is designed to account for the amount of a recipient's total shelter cost which exceeds 50 percent of net income—income as determined after all other deductions are taken. Currently, for most food stamp households, this deduction is capped at $177. Although periodically increased by Congress, this cap amount has not at all kept pace with the rise in the cost of housing. Indeed, many households, particularly those living in regions of the country with higher housing costs, already have difficulty meeting this expense. In New York State, for example, our figures indicate that over 60 percent of food stamp households who also receive public assistance have an excess shelter cost above the $177 cap.

Uncapping this deduction for all households—it is currently uncapped for elderly and disabled households only, would be an important and practical way to assist food stamp households to retain their housing and to diminish the threat of homelessness.

During the coming year, Congress should also address the issue of conformity between the Aid to Families with Dependent Children Program—AFDC—and the Food Stamp Program. These two programs, which very often serve the same population, are operated by two different Federal agencies—USDA and HHS—under two different sets of rules. This is the case even though the programs often serve the very same population and are administered by the same State welfare agency. Almost every aspect of the two programs are affected. There are different definitions of households, different resource and income levels, and different work and training requirements to name only a few.

Because our time is limited today, I will not elaborate in this area. My written statement provides more of the details.

I would like to stress, however, that the Food Stamp Employment and Training Program should be reexamined, especially in light of the enactment of welfare reform. Participation and exemption requirements, the length of sanctions for program infractions, and various reporting and monitoring criteria are all different for food stamps and AFDC. And these differences will become even more acute with the implementation of the JOBS Program established by the Family Support Act of 1988. It would be unfortunate if we did not take this opportunity to coordinate these programs so that the mutual goal of self-sufficiency can be better achieved.

I cannot stress enough the coordination as a critical and important factor. Proposals have been made by States and advocates for several years. However, because of the complexity of the issues and the split authority for the programs at the Federal agency level and in Congress, these proposals have never been taken seriously. I therefore urge the subcommittee to take on this issue aggressively. I know that the American Public Welfare Association would be willing to lend you their expertise and my staff and I would be happy to sit down with the subcommittee and its staff members to discuss these issues in more detail.

Other areas the subcommittee should address include the benefit reduction rate, the definition of household, treatment of nonexempt vehicles, and the upcoming census. While I would refer you to my full text of the testimony for a full discussion on these issues, I would like to take a moment to mention our recommendation that the definition of household be simplified.

Currently, this definition is very complex and does not reflect the reality of the living situation found in many low-income households. Many families and individuals, who would otherwise live separately, have been forced to share shelter with family members or friends due to the housing shortage. While sharing housing, however, they still maintain their separate household identities, and do not combine their income. The household definition should be revised to reflect this reality and to simplify the job of eligibility workers. It should be based on the concept of a food unit, those who actually share food. A household should be defined as groups of individuals—other than spouses, parents, and their minor children—who state they purchase food and prepare meals separately from the others with whom they live.

Let me give you an example of this problem that we see all too often. There is a mother with a teenage child. The household is receiving food stamps. At some point, the woman's adult son, over the age of 21, moves back into the household, yet refuses to give his mother any money for room and board. Since the food stamp household definition requires the adult son's income to be considered when determining eligibility, the household is deemed no longer eligible for assistance. The food unit recommendation I have made would rectify this problem.

If the changes I have outlined here are enacted, the program will be greatly enhanced, administrative burdens will be eased, and recipients will be better served. The inconsistencies and confusion now part of the program, which are true barriers to participation, would be removed.

Thank you for the opportunity to testify. On behalf of Commissioner Perales, my department looks forward to working with you in the coming year as reauthorization is discussed. The shape of this vital program will have a profound effect on our fight to alleviate hunger in this country.

[The prepared statement of Mr. Best appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you very much Mr. Best. Our next witness is Mr. Harley Griffiths, deputy commissioner, New York State Department of Agriculture and Markets from here in New York City.

STATEMENT OF HARLEY M. GRIFFITHS, DEPUTY COMMISSIONER, MARKETING, NEW YORK STATE DEPARTMENT OF AGRICULTURE AND MARKETS

Mr. GRIFFITHS. Good morning. My name is Harley Griffiths. I am deputy commissioner for the New York State Department of Agriculture and Markets. On behalf of Commissioner Richard T. McGuire, I would like to thank both Congressman de la Garza and Congressman Hatcher for inviting me to testify at this important field hearing, and for holding the hearing in New York State. Our department has many friends in both Texas and Georgia and we hope you find some additional ones of your own here today in New York City. Just remember that the "Big Apple" is really a New York State agricultural product.

New York residents are among the largest beneficiaries of Federal nutrition assistance programs such a food stamps, WIC, donated commodities, and school lunch and breakfast. We appreciate your providing an opportunity for organizations and individuals concerned with these programs to contribute their views as part of your development process for the 1990 farm bill.

As you well know, New York State is not only an urban State, it is a rural one as well, with a large rural population and an important agricultural industry. Our 40,000 farms produce a wide array of food and agricultural products, including dairy and livestock products, field crops, fruits and vegetables, poultry and eggs, wine and grapes, and nursery and other horticultural crops. We rank high on the list of States in many of these products. Large volumes of our fruits and vegetables—apples, cabbage, sweet corn, cauliflower, potatoes, onions, and wine and grapes, to name a few—are marketed right here at the Hunts Point Terminal Market.

Our department is charged with assisting New York's statewide agricultural industry, as well as protecting the safety and quality of the food supply for 18 million consumers. In both of these areas, we collaborate closely with the Federal Government, particularly the USDA and the FDA where Federal programs intersect and support our specific mission and activities.

At present, we do not administer any of the major Federal food assistance programs, such as food stamps and donated commodities, various elements of which are administered by other New York State and local agencies. However, we have an interest in these important programs because they address the nutritional needs of hundreds of thousands of low-income urban and rural New Yorkers, and impact significantly on our State's food industry as well.

It is not within our area of expertise to comment on the consumer and nutritional sides of food assistance programs, including the levels of funding required to maintain proper nutrition among those New York residents with inadequate diets. However, we are very interested in the ways these programs can be structured to provide important benefits to our State's agricultural producers, as well as to consumers and food retailers.

New York State is currently a participant in a new, innovative, Federal program, the Farmers Market Coupon Demonstration Project, under which special coupons are issued to nutritionally at-risk families participating in the WIC, which is the Women, Infants, and Children Program, to encourage them to shop for locally grown fresh fruits and vegetables at retail farmers markets in their community.

New York State's Coupon Program which is a statewide expansion of a pilot project established in 1988 by Governor Cuomo, is 1 of only 10 in the United States chosen by the USDA to receive 3-year matching grant funds authorized by the Congress under the Hunger Relief Act of 1988. Under this year's program, more than 40,000 WIC families across the State received $20 per family in coupons as an inducement to discover the nutritional benefits of consuming more locally grown fresh fruits and vegetables sold at community farmers markets. The families spent the coupons during July, August, September, and October at 46 open-air retail markets in 32 cities across the State on produce grown and sold by nearly 500 New York State farmers. Eight of these 46 farmers markets were located here in New York City—in Harlem, Washington Heights, downtown Brooklyn, the lower East Side, the upper West Side, Jamaica in Queens, Clinton and here in the Bronx.

The expanded coupon program was highly successful in providing important nutritional benefits to needy consumers while simultaneously increasing farmers' incomes. Nearly 70 percent of the more than 900,000 $1 coupons we issued were redeemed, a very satisfactory rate when considering the limited days and hours farmers markets typically operate. Not only did a large proportion of WIC families visit a market to shop for local produce for the very first time, but they continued to shop regularly at the markets after their allotment of coupons was expended. As a result, 500 farmers' sales increased by an average of 25 percent, with many farmers experiencing a 50-percent increase. Finally, enrollment in the regular

WIC Program increased as a result of the popularity of the coupons, an important achievement in itself that has been sought by our State health department. State and local WIC officials with whom we have collaborated closely in administering the program are very pleased with its results, as are the many county cooperative extension nutritionists whose nutrition education program enrollments also increased as a result of their participation in support of the program. This is a "win-win" program even for the officials who administer it.

The coupon program is an unusual example of a catalytic Federal Nutrition Assistance Program which specifically targets locally grown farm fresh foods and provides direct benefits to farmers as well as eligible recipients. Because of its cost-effective approach and its positive impact on both dietary practices and local farm economies, wherever it is implemented, we urge this committee to extend and expand this unique program so that States other than those funded under the pilot project can participate, and so that New York State can expand its program to benefit additional farmers and consumers in cities yet unserved. Furthermore, we recommend that Congress target additional nutrition education resources to this program to allow State departments of agriculture to ensure the program's lasting impact on WIC families' dietary habits.

The same successful consumer-to-farmer concept inherent in the Farmers Market Coupon Program can be extended to other major Federal nutrition assistance programs for the benefit of both groups. For example, relatively few of the tens of thousands of U.S. farmers who sell their products directly to consumers are enrolled in the Food Stamp Program, because the program literature, forms, and procedures are geared to retail food stores. At our department's request, the Northeast Regional Office of the USDA has encouraged New York State Federal field offices to expedite authorization of farmers, so that WIC families who have expended their farmers market coupons as well as other low-income families, can use food stamps in addition to cash at farmers markets and other direct farm outlets on a year-round basis. We are currently encouraging farmers in the Coupon Program to also enroll in the Food Stamp Program, but the USDA needs to develop specialized food stamp materials and procedure geared to farmers, such as appropriate brochures, application forms, and signs, if this initiative is to realize its full potential.

We urge this committee to encourage the development of these farmer-oriented procedures and materials by the USDA as a regular element of the Food Stamp Program. We believe that this concept would benefit large numbers of consumers and family farmers throughout the United States by providing new and significant marketing opportunities for locally grown farm products, and would enhance both the operation and the image of the Food Stamp Program itself by promoting the use of food stamps for the staple, nutritious foods sold directly by farmers in every State.

You may recall that the Food Stamp Program was originally established as a rural-urban economic partnership. Promoting and facilitating direct farmer-to-consumer exchange through the food stamp and other Federal food assistance programs, will help to maintain this special sense of economic and social cooperation that is one of our Nation's lasting strengths.

It has been an honor and a privilege to appear today before this committee. Again, my sincere thanks to Congressman de la Garza, Congressman Hatcher, and Congressman Emerson for arranging this important hearing and to the city of New York and the Hunts Point Terminal Produce Cooperative for being gracious hosts here at New York State's largest wholesale food market.

Thank you all very much. You are always most welcome here in New York State.

[The prepared statement of Mr. Griffiths appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you Mr. Griffiths. Our next witness is Mr. Joe Barnett, who is staff director of the New York State Assembly Task Force on Food, Farm, and Nutrition Policy and I believe you are from Albany.

Mr. BARNETT. That's correct.

STATEMENT OF JOSEPH R. BARNETT, STAFF DIRECTOR, TASK FORCE ON FOOD, FARM, AND NUTRITION POLICY, ON BEHALF OF GLORIA DAVIS, ASSEMBLYWOMAN, NEW YORK STATE

Mr. BARNETT. I am here on behalf of Assemblywoman Gloria Davis and I want to thank you for having this hearing, and I also want to welcome you to the Bronx. Gloria's district is right near here and she really regrets that she couldn't come down today, but she sent me in her stead and I will try to make due.

I direct the Task Force of Food, Farm, and Nutrition Policy that works on a wide range of food policy issues. We spend most of our time working on hunger and nutrition in New York State. It is a big problem and I know in 5 minutes I am going to miss a lot of things I wish I could have said and that is why we may be revising our statement.

Last month we held a hearing in Suffolk County which is a fairly well-to-do suburban county in New York State on Long Island. We are surprised to learn that fairly middle-class people, people who are earning well over 200 percent of the poverty level are experiencing real problems with feeding. They are coming to the food pantries, and part of the reason for that is housing, and it is not just the middle-class people who are having trouble with housing. Everybody in New York State. To try to separate and solve the hunger problem without addressing housing issues is impossible. That was the first point I wanted to make. Housing needs to be addressed along with hunger.

In New York State, we are not short of food, food isn't prohibitively expensive, it is when people budget, they don't have the money after they spent on rent, the mortgage payment, heat, and child care—they don't have the money to buy food. That has been our experience.

There is one program that will help some of these middle-class people along with the lowest income people, that is the school food service. In New York State, most of the schools offer meal programs and the big five cities mandate breakfast programs. Children go into those programs if their families are under 130 percent of the poverty guideline, they will get a free meal. If they are under 185 percent, they will get a reduced price, and in New York State, because we kick in 15 cents for that, we have kept it at a quarter which is relatively affordable. Above the 185 percent, you have a full paid meal which is really a misnomer because frankly the Federal Government gives a lot of money into the school meal programs and the form of commodities. However the commodities, as you all know, disappeared. Some schools were effectively making use of the bonus commodities—another misnomer because if you get a bonus in every paycheck, it is no longer really treated as a bonus it is treated as a regular salary and with the schools, it was treated as regular support. They were getting between 25 and 32 cents per meal by effectively using the bonus commodities, the cheese and other products. When that was taken away, even though they are down to about 13 cents per meal for Federal support, the commodities—it is like losing half of the Federal support.

Schools are not the only place to lose. Soup kitchens, senior meal programs, day care and others, they lost commodities too but in the schools, the way the schools are responding to this loss of commodities, is they are either buying the phony cheese, the 51-percent cheese which has a long term negative impact on dairy marketing, or they are raising the price of meals. If they raise the price of meals enough, as they raise the price, people drop out of the program, they will get to a point where the schools will say not enough people are participating, we will not have a school meal program, and then everybody in every income category loses in that school. So, the task force is not recommending that you go back to the days of large surpluses, what we are saying is that these effective programs need help and to remove that help at a time when the problem of hunger is growing is not good policy and we would like to see it changed. That is our—if 1,000 points of light don't work, you can take away the batteries argument.

We think that in the Food Stamp Program, there are a lot of people who aren't participating. I know in New York about half the people who are eligible don't participate, and we think that people aren't participating because the application process is a form of harassment and it is not that the food stamp workers are harassing the people, it is the whole system. It is the result of a misguided policy to avoid error. There are two types of errors you can make with the Food Stamp Program. One is somebody who is not eligible might get food stamps. In that case, a senior citizen might end up with an extra $20 worth of food stamps to spend on food for 1 month, and that would be one downside. The other side would be a senior citizen who is eligible but not getting the program. Now, you have somebody who needs food, is not getting food, and if that lasts long enough, that person could end up in a health risk situation, maybe getting health care which is very expensive. So, we would like the application revised so that it makes life a little bit easier for the people who are trying to apply.

I know from my own past experiences that a lot of times to get all the documentation you need to get onto each of these programs, you have to go to a lot of different places. So, in those two mistakes, which of the mistakes is most egregious, which of the mistakes is most likely to be punished under Federal policy—I think maintain this special sense of economic and social cooperation that is one of our Nation's lasting strengths.

It has been an honor and a privilege to appear today before this committee. Again, my sincere thanks to Congressman de la Garza, Congressman Hatcher, and Congressman Emerson for arranging this important hearing and to the city of New York and the Hunts Point Terminal Produce Cooperative for being gracious hosts here at New York State's largest wholesale food market.

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There is one program that will help some of these middle-class people along with the lowest income people, that is the school food service. In New York State, most of the schools offer meal programs and the big five cities mandate breakfast programs. Children go into those programs if their families are under 130 percent we know the answer to that and we would like that changed. But, once you get on the program, you find that 1 month's worth of food stamps lasts about 3 weeks, and the USDA may feel that 30 percent of our cash income should be spent on food along with the food stamps, but many people, once again, after rent or child care and other costs, don't have 30 percent of their income left to spend along with food stamps, and they are going to food pantries and some of them are just going without food and that is our argument for increasing food stamps and having food stamp allocations based on at least the low cost food plan.

Food stamp eligibility and allocation should recognize regional differences. In New York State, we are penalized whenever we try to provide additional assistance help to cover the high cost of living here, and that was previously addressed. Another reason people aren't using food stamps is stigma. We believe a lot of people who are not using food stamps are senior citizens who may be getting such a small amount that they don't want to go down to apply for food stamps. This could be addressed in a couple of ways. One, there could be a separate but similar program offered through the offices for the aging at the county level for seniors. The other way though would be to offer quarterly or semiannual food stamp allocations so that instead of getting $10 per month, it might be worth a senior's while to come in for $60 for half a year and that might draw some of the seniors on and we would hope that it would be less paperwork because you would only have to be seeing them on a less frequent basis.

Another excellent feeding program is the WIC Program and I just wanted to mention that the WIC Program is a good example of what a Federal feeding program should be. They offer nutritional advice, they tie into the medical community, they try to get people in as early as possible and we would like to see the WIC Program mimicked when you are recreating the Food Stamp Program and if we are going to be developing new programs for the Food Stamp Program.

There is one last problem though that I want to talk about and that is that all the feeding programs that we have in New York State, they lack harmony. Federal programs are like staccato notes placed all over a music page. You are on the WIC Program, then you get out of the WIC Program, and then you are left to go find the Food Stamp Program or the School Meal Program. That isn't the way it should work. The way it should work is if you can get a pregnant woman on the WIC Program and a child is born and that child is kept in the WIC Program until it is elevated into next program, and that there is support all along, instead of letting people drop out and go some place else to look. Make sure that if the child is on WIC and it is being treated up to say school age, that that child is getting into the free or reduced price school meal program.

There are a lot more things I would like to talk about but I know you are busy, and there are a lot of people I would like to hear, so thank you very much.

Mr. HATCHER. Thank you Mr. Barnett. Everywhere we hear about the Food Stamp Program, we hear about the complexity of the process and we need to simplify. We heard last week in Houston that Texas has just begun using a two-page application in an effort to simplify, and Florida we have heard is developing an automated application procedure that will make paper applications obsolete. Is there anything similar underway in New York, Mr. Best and Mr. Barnett? Do you have any program at this time to try to simplify the process?

Mr. **Best**. Well, in point of fact, the application has undergone some revision in the last year. However, rather than making it shorter, it has, in fact, become a page longer only because the nature of information which must be secured at the point of application or recertification in order to ensure correct determination of eligibility. We are very anxious to identify ways of expediting the process and doing so in a fashion that will both provide the benefit early on and minimize the amount of time that is involved in the determination process. But, as yet, we have not identified any particular means of doing that.

Mr. **Hatcher**. Well, Mr. Barnett, I appreciate the suggestions you made regarding making the system more acceptable, whether it be food stamps or whatever, and any specifics that you have or Mr. Best or Mr. Griffiths for that matter about how we could simplify it would be welcome in writing. We would like to get any specific thoughts you have about how we might improve the process.

Mr. **Barnett**. I have one other suggestion regarding trying to get people onto the Food Stamp Program. I think it is a good idea to get people onto the Food Stamp Program. I live in a very rural area of New York State where local officials take a lot of credit whenever we can get Federal dollars in to fix up a building, but they always seem ashamed if we have increases in food stamps which is coming into the county, Federal money, to help fix up people. So, with the Food Stamp Program, if in the Federal income tax, if there could be something that kicks in the program—if your income is sufficiently low, that people could be informed of food stamps that outreach numbers could be provided to them. I would think that that would make sense and we are trying to get our own State to do that with our own State paychecks. If we have people who are earning under $20,000 a year, there is a good chance they are eligible for one of the feeding programs if they have kids, so I just wanted to bring that up. Thank you, very much.

Mr. **Hatcher**. Yes, sir. Mr. Best, I noticed in your written testimony you talked about the automobile and the fair-market value limitation. That is something we hear about whenever we talk about the Food Stamp Program. I think there will be enough support to try to modify it and try to alleviate that situation. You talked about uncapping the excess shelter deduction. Is that the approach or rather than changing it, do you think there should be no cap at all?

Mr. **Best**. Well, we think that by uncapping it, we will be able to bring people into the program in larger numbers than taking other approaches.

Mr. **Hatcher**. What would be the downside to that?

Mr. **Best**. There will be limitations that will be placed on the amount of food stamps that people are presently receiving and there are other individuals who are just on the borderline who are presently being determined as ineligible that would be able to participate in the program.

Mr. **Hatcher**. Mr. Griffiths, I was interested to hear about the Farmers Market Coupon Program and what percent of those coupons were redeemed—I didn't catch that.

Mr. **Griffiths**. Over 70 percent.

Mr. **Hatcher**. That's a very good ratio.

Mr. **Griffiths**. We have yet to do the final audit, but it is approximately 72 or 73 percent.

Mr. **Hatcher**. That is a very interesting program to me. Mr. Emerson?

Mr. **Emerson**. Thank you, Mr. Chairman. Barriers to participation is something that this subcommittee and the full committee have always concerned ourselves with. I don't remember a time when we weren't concerned with barriers of participation. I have been on this subcommittee for 7 years and we have never ultimately found the answer that fills every particular need and there seems to be you find one barrier and another one comes up somewhere else, different in nature, so it is a very elusive subject and you have given us a lot of information, and all of you have commented here on a lot of the different reasons. We could spend a whole day on dealing with the subject of program complexity. I am very sympathetic to everything that you have to say about the complexity of the program. But, are there unique New York State or New York City barriers to participation that we need to know about. You have echoed and I am glad that you have what we have heard in Houston, Atlanta, Cleveland, Chicago and Los Angeles, and other places over the years about the barriers to participation. Are there some very unique New York reasons for which people don't participate? There may not be, but are there any that come to mind?

Mr. **Best**. Mr. Congressman, there are none that immediately crop up, but let me say this, it seems to me that several suggestions, some of which I have made and one in particular which Mr. Barnett has made, I think would move us in the direction for increasing participation. His suggestion for consideration by the subcommittee of issuance on a quarterly or semiannual basis is an area which we have explored with USDA and there have been a number of discussions in an attempt to put together a pilot program that would do just that. By providing to States the option of doing this not on a waiver basis but as an option, I think would make it far easier for New York and for many other States across the country to get involved in a quarterly or semiannual issuance.

Mr. **Barnett**. Well, one thing that we have entertained from time to time is to offer somebody a bonus to come in and apply. The idea that New York State might give somebody a food coupon of its own if they would come in to apply because in some of our rural counties, you have to travel quite a distance without any public transportation. I don't know if that is entirely unique to New York, but that is a problem and in other places, in New York City, sometimes transportation is still, even though it may be available, but it is not what some seniors would want to be taking. So, we have entertained the idea of what if we gave a person a certain food package or coupon available for a food package if they would come in and apply and we hear that whenever we want to give something additional to somebody who might be eligible for food stamps, we reduce the amount of food stamps that they might end up getting and this happens also with shelter when we try to give people more money to live. So, that has to do with regional costs of living and recognizing that. If States want to give somebody a helping hand to get in so that they can make the application, I think that should be allowed.

Mr. **Emerson**. You mentioned, Mr. Barnett, the natural logical progression of WIC to food stamps, and one following on the other very naturally, rather than having it be so difficult as it is now. I think this applies to all of our welfare programs and that one ought to lead into the other if there is a natural progression there. We have 96 different Federal welfare programs, each of which are designed to do something different, each of which have a different criteria for qualification and I have in my work on this and other committees over the years become persuaded in my own mind of the need for what I call one stop shopping. That is if somebody comes in and says, I need some help with food assistance, that we need to take a look and see if they may need medical assistance, they may need housing assistance, they may need transportation assistance and in many, many cases, they certainly need some job training assistance. I think we are afraid of what this might cost if we do it that way. I think that getting the data to prove the point of the need for one stop shopping is perhaps the most difficult part of trying to develop a responsible cohesive response to the whole idea because there is such a turf problem out there. Health and Human Services is jealous of the jurisdiction of Agriculture which is jealous of the jurisdiction of the Department of Labor and on and on and on and we find a big turf fight. I think that government itself is one of the barriers to participation in the ultimate analysis, and we have to find a way to simplify this whole process. There is one State that has an application form for food stamps that is 35 pages long. What are we telling people who are the most harassed and least able to cope with such voluminous paperwork? No wonder people don't participate. There are a lot of other reasons too. You take a rural area like mine, it is sometimes a matter of lifestyle. I mean, people in a rural area that tend to have a garden and they may can or freeze vegetables, they hunt and fish a lot, and it is a lifestyle matter. Just because people have a certain income level doesn't necessarily mean they are in need of food assistance. They may need a lot of other things but being well fed may be one of the good things that has happened to them. This barrier problem is one that as it is very elusive and I have made some wandering comments here all of which I think relate to the barrier of participation problem—it is complexity, it is turf. I don't know if we ever will get to the bottom.

Mr. **Barnett**. Maybe a solution or partial solution would be more Federal funding for outreach or to review those areas where food stamp participation is not as high as you think it would be, given census data, and to see what can be done to improve it in those areas.

Mr. **Emerson**. Actually, I wouldn't necessarily agree with that. I think we are probably doing a reasonably good job with outreach. I think it comes back to complexity. The fact, as I mentioned, that we have 96 different programs and criterion for qualifying for each one is different. I think simplification is more the answer. Simplification, availability, and automation. A lot of people are afraid to automate. I don't know how your agencies are, but a lot of people in government are afraid that if we automate, if we go to computers and processors and what have you, that there goes the jobs. I say let us automate and make the application process and the recordkeeping process simpler so that the social welfare agents will have more time to spend with their clients, properly assisting them to do all the things that they need to do to overcome the welfare trap and get out. Anybody can respond if they would like to.

Mr. **Barnett**. In New York State, we are utilizing available technology. If not in the area of eligibility determination, it is being done on the issuance side for food stamps. Presently, we are in the first phase of an effort to permit food stamp recipients to secure their food stamp monthly benefits through retail establishments. In the next 6 months in seven counties, we will be moving from a paper authorization to a magnetically encoded card which will be used for identification purposes, presented to I would say maybe 300 establishments around the State where individuals will be able to secure their food stamps at customer service counters. Our hope is that in the next several years, we will be able to utilize this very same card for additional benefit purposes. We are starting first with food stamps and medical assistance. We are looking down the road to being able to utilize the same instrument for public assistance as well.

Mr. **Emerson**. Thank you. Mr. Chairman, thank you. We could go on at great length discussing with this panel, but I know we are constrained by time. I would make the request that we go off and digest what we have heard and if we want to come back and ask another question and sometimes it will be useful to have that for the record. I would ask that we could have the opportunity for an appropriate time, Mr. Chairman, to ask questions in writing and that the reply be made a part of the record should that become desirable.

Mr. **Hatcher**. Without objection, so ordered. Thank you gentlemen for being here and for your testimony.

Our next panel consists of Mr. Solomon Malach who is acting general counsel for New York City Human Resources Administration here in New York. I would like to welcome you Mr. Malach. Mr. Bruce Hoffman, office of school food and nutrition, New York City Board of Education, Long Island City in New York, and Ms. Denise Toulon, from the same office, office of school food and nutrition, New York City Board of Education.

I would like to welcome each of you. I would assume you were in the audience when we set the guidelines and we will hear from you in the order in which I called you.

STATEMENT OF SOLOMON MALACH, GENERAL COUNSEL, NEW YORK CITY HUMAN RESOURCES ADMINISTRATION

Mr. **Malach**. Thank you. Good morning, Mr. Chairman and Congressman Emerson. Thank you for the opportunity to speak this morning in support of permanently extending the provisions of section 807(b) of the Stewart B. McKinney Homeless Assistance Act.

We will be submitting written testimony on the whole question of food stamp reauthorization, as well as on commodity distribution, but today I am limiting my oral presentation to enhanced food stamp allotments for homeless families residing in hotels or shelters.

I would like to thank Congress for having provided us over the past few years with special provisions that have enabled us to continue adequate nutritional supplements to homeless families. It must be emphasized that homeless families are a very vulnerable population. They come from very stressful circumstances prior to entering our system, such as loss of a home due to fire or eviction, the breakup of a family, or some other financial or medical crisis. They do not have the resilience and resources of other families, and we must provide them with enhanced supports during their stay in the homeless system.

Providing these enhanced nutritional supports is exactly what section 807(b) of the McKinney Act has allowed us to do for families in hotels. As you recall, the provision ensures that third party payments for hotel rooms or other transitional facilities for housing homeless families are not counted in calculating food stamp benefits, provided that the housing unit lacks cooking and storage facilities, as virtually all hotels do. If payments to the hotels, which are larger than the normal shelter allowance for families are counted, the family would appear to have a very large income and their food stamps would be very severely reduced or eliminated. Section 807(b) has allowed us to avert this so we would propose that the provision be extended permanently. At the same time, as our homeless family system evolves and as we continue to bring new facilities on line, some changes in the provision should be considered. We hope these change will enhance Congress' intent to target these nutritional resources to vulnerable families in a responsible and effective manner.

The major change in the New York City transitional housing system is exactly the one that Congress has urged us to pursue and which we have made our highest priority—moving families out of hotels. We have made enormous strides toward our goal of ending the use of hotels by the summer of 1990. We have reduced the hotel census from 3,161 families in September 1988, to 1,693 families in November 1989. By the way, there is a typo in the written testimony that says 1,816 as of November 1989. The number is lower currently in hotels. A major part of this effort has been to create a transitional housing system that provides families the social services, support services, and housing location assistance they need to gain independence. We have, as you know, also embarked on the largest municipal housing development plan ever undertaken by a locality—renovating and improving some 252,000 units of housing over 10 years at a cost of $5 billion.

A significant share of these units are reserved expressly for long-term homeless families. Even with this massive permanent housing program, however, the high number of families entering the system and the need for the time to provide some services require us to have this transitional system. We expect to need an ongoing transitional housing program able to serve 3,500 homeless families at any point in time that will extend into the foreseeable future.

Several aspects of this system require the continuation of section 807(b) with some modifications. First, approximately 70 percent of the families will have cooking and storage facilities in their transitional units. This group, while having full kitchen and food storage facilities, will need food stamps to purchase food to make use of the kitchen. To require the full housing payments made on their behalf to be counted in the calculation of food stamp benefits as USDA had originally proposed, would eliminate their food stamps. The provision should state that only the amount that a family would receive for rent if they were living in the community be counted in the food stamp calculation. In New York State, unlike most States, the public assistance grant is split into two parts. One for personal needs and one for shelter. A State determined amount for each family size is set in each county so the amount that should be budgeted for homeless families is readily available.

Second, the other 30 percent of the units will not have full individual kitchens for families to prepare meals, but in several of the facilities, three meals a day are prepared for the families. It would be inequitable to provide the same level of food stamps to families receiving three prepared meals as compared to those who do not receive prepared meals. However, because of the family's extra stresses and difficulties, and the need to provide snacks, and we urge the committee, as you consider ways to redress this inequity, to ensure that such families' food stamps are not eliminated.

Finally, we should inform you that some of the facilities will provide partial nutritional services that are not readily classifiable, such as providing some prepared meals or providing cooking facilities that will be shared by many families. We believe these should be treated the same way as units with no cooking facilities, as we are concerned about cutting too fine a line on benefits to such vulnerable families. Other mechanisms to create equitable treatment among the differently situated families, such as permitting localities to ask for payment in food stamps for prepared meals might be considered, but we urge you in crafting a new method to provide food stamps to homeless families to err, where there is uncertainty, on the side of providing, not denying, benefits to these vulnerable families. Certainly, as our system is completed and we gain more experience, we will come to you with suggestions for refining this mechanism.

I would now like to report on the progress in moving families from hotels and creating the transitional shelter system. In September 1988, we had 3,161 families living in hotels. Our placing of these families in hotels was in response to a crisis: A dramatic increase in the number of homeless families. Since then, we have realized that homelessness has become an endemic New York City fact of life as it is in other cities, and that with no foreseeable resumption of Federal housing assistance, New York City would, at considerable financial risk, have to step into the breach and begin building both an alternative transitional system to replace the current crisis system and permanent housing also.

In New York City, we have started moving in that direction with the development of our 5-year plan. With this plan, we have been able to reduce the number of families living in hotels. As I mentioned, as of November 1989, the hotels held 1,693 families. This is a reduction of approximately 45 percent or 1,468 families since September 1988. We anticipate that by June 1990, all families will have been moved out of the hotels.

In order to facilitate the movement to permanent housing, however, we have had to establish a transitional shelter system. These shelters enable a homeless family to live in a private sleeping unit and get the kind of assistance that will prepare them to live independently again. Currently, we have over 40 shelters providing housing to 1,611 families. Our projections are that as of June 1992, there will be 3,500 homeless families in approximately 72 transitional shelters. This is a necessary step for families to achieve independence.

With a permanently extended rule, modified to meet the circumstances of this new system, we can give the tools to meet the nutritional needs of these families.

I have also attached to the testimony some bullets that outline what our written testimony will be on the entire food stamp reauthorization.

Thank you for this opportunity.

[The prepared statement of Mr. Malach appears at the conclusion of the hearing.]

Mr. **HATCHER**. Thank you, sir. Mr. Hoffman.

STATEMENT OF BRUCE HOFFMAN, DIRECTOR OF PROCUREMENT, OFFICE OF SCHOOL FOOD AND NUTRITION SERVICES, NEW YORK CITY BOARD OF EDUCATION

Mr. **HOFFMAN**. Good morning, Mr. Chairman, Congressman Emerson, and committee members. I would like to say that this morning, myself and Denise Toulon will testify in tandem as representatives of Mr. Kevin F. Gill, the executive director for support services, for the New York City Board of Education.

The school meals program in New York City is the largest in the Nation in terms of participation and personnel. The Office of School Food and Nutrition Services serves approximately 670,000 meals daily and a total of 120 million meals were served during the 1988–89 school year.

Nutrition affects every aspect of a child's physical and intellectual life and school meals have become important to the overall nutritional integrity of our school children. The services of breakfast and lunch provided are integral to the New York City child's school experience. More important than the numbers served, our services are addressing the issues of urban hunger, poverty, and good nutrition.

The scope of donated commodities coupled with the product forms and packaging for ease of service, are important factors in determining the use considerations and cost effectiveness of commodity items. Thus, food service operations must look to foods that are either ready to serve or ready to heat and serve. Items such as whole turkeys, ground pork, date pieces, prunes, figs do not always fit into the logistics of a school food service operation for immediate use and student acceptability. The processing into further end product forms enables the food service operators to maximize the use of commodity items where possible.

Donated commodities affect the cost effectiveness of programs and also help determine the composition of menus. Reported drops in milk production have made the outlook bleak for milk products; consequently, the availability of cheese has been adversely effected by market conditions. A nonshipment of cheese is not a welcome news to many who have seen food costs rise. The cost of cheese pizza, a protein component of the school meal pattern, and a most popular student choice, has escalated. Furthermore, requests for lower sodium/fat cheese are now thwarted by the lack of the nonshipment of cheese.

In the interest of promoting good health as you committee members now contemplate, the reauthorization of the Federal Commodity Distribution Program, we urge you to act on the following:

One, implement the use of nutritional labeling with instructions in line with dietary guidelines.

Two, pursue unbreaded, baked or roasted items where feasible for main entrees.

Three, purchase fruits packed in fruit juices as market conditions and flexibility permit.

Four, purchase no products with tropical oils.

Five, purchase frozen vegetables versus canned vegetables which will help to eliminate salt.

The office of school food and nutrition services recognizes that schools are an important environment to teach as well as to set a good eating habit. We understand the role that we play in the nutritional well-being of our students, and work hard to provide quality acceptable meals to our students.

Thank you.

[The prepared statement of Mr. Hoffman appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you, sir. Ms. Toulon.

STATEMENT OF DENISE E. TOULON, DIRECTOR, FOOD TECHNOLOGY, OFFICE OF SCHOOL FOOD AND NUTRITION SERVICES, NEW YORK CITY BOARD OF EDUCATION

Ms. TOULON. Good morning, Mr. Chairman and committee members. In support of what my colleague has just said, I want to add three concerns that we have at the Office of School Food and Nutrition Services.

The major concern is an ongoing goal to increase participation. We are constantly working at that. At the present time, approximately one-third of those who have lunch with us have breakfast and you can very well imagine why we are concerned with that because of our awareness of the problems of urban hunger and poverty in New York State.

I will just reiterate that we are working at it. We have had a breakfast campaign to increase participation. Most recently we had a "Mothers' Day" campaign to get mothers as well as families to make them aware of what we are doing at the Office of School Food and Nutrition Services.

The second thing I want to add is that in recognizing the scope of hunger, we at the Office of School Food and Nutrition Services, act as vendors in providing snacks and suppers to many agencies which feed the homeless and to deal with the situation that exists in the city.

The third point that I want to make is in support of nutrition education which we believe to be very important in dealing with the whole business of providing nutrition. We are working very closely with schools and teachers to support the education process. We feel that providing proper nutrition is very important in the whole education process. At the Office of School Food and Nutrition Services, we have established a nutrition education resource center which came about as the result of funds from a Dairylea settlement. At this center, we have all kinds of resource materials where teachers, school food service personnel, and the community are welcome to make use of the provisions and the resources that we have there.

In closing, I want to thank you for affording us the privilege to speak to you here today. Thank you Mr. Hatcher, Mr. Emerson, and committee members.

Mr. HATCHER. Thank you. Mr. Malach.

Mr. MALACH. Yes, sir.

Mr. HATCHER. We have to deal with the question of the welfare hotels from time to time extending the exemption and so forth, and we just recently had to do it again. We don't have that problem with any other city that I am aware of. What is the distinction, is it that there are more homeless in New York City, a higher cost of living here or what?

Mr. MALACH. It is possible that one of the differences is the fact that most States do not have a separate shelter grant broken out and we were informed and one reason we pushed for these amendments in the past is we were informed by the USDA that that had to be counted as income. You possibly are correct that it is much higher although I do not know that that is true to house people in transitional or emergency facilities in New York State. What I do know is that without these amendments, people in hotels or other transitional facilities would have their food stamps greatly reduced or very possibly eliminated because it would appear as if they had income that they could not make use of.

Mr. HATCHER. I point out to you that we did exempt it in the last days of the first session of this Congress.

Mr. MALACH. We realize that.

Mr. HATCHER. And if you have any influence with President Bush you might want to contact him because he is threatening to veto that bill. He is being advised to veto it for some reason. Not specifically your provision, but you might give him a call, make sure he doesn't veto that bill.

Mr. Hoffman, is there a system in New York, is there a Federal provision to try to be able to tell school districts about the future availability of such things as cheese and other dairy products? I know as we corrected some of the abuses in the Dairy Program, that it has had undesirable side effects of taking away from the nutritional lunches of school children hasn't it? As long as we had those big surpluses it just went out to the schools and you loved it and it did a lot of good, but it seems from what I hear around the country that the schools were not prepared for that drastic reduction in commodities, is that true? Should there be a better way of letting them know of changes that are coming?

Mr. HOFFMAN. Well, we were told a couple of months ago that the cheese would not be forthcoming and when we prepared our bids to purchase the foods, the processed foods, the pizza, the stuffed shells, we made provisions to now pay the higher prices, but when the Government takes away the one commodity that is so acceptable to the children in many different forms, it is very rough to deal with. As one of the gentlemen mentioned this morning about the bonus items, cheese for many years was a bonus item and when it is taken away, it is very hard to deal with.

Mr. HATCHER. Whether you have notice or not.

Mr. HOFFMAN. That is correct.

Mr. HATCHER. Mr. Emerson.

Mr. EMERSON. You have anticipated most questions that I would have asked. Mr. Chairman, your questions and comments have been in accord with those that I would have offered so I just want to commend Mr. Malach for making progress in this "welfare hotel situation." We did extend it another year and I hope, given the progress that you made of getting the number of people affected from over 3,000 down to about 1,600, if that continues, the next year you will have the problem licked and we won't have to extend it again. We really encourage your diligent attention to that problem. It gets to be a stickier wicket all the time as we deal with it and there is going to come a point in which Congress is likely to say, "no more," that we have simply extended and accommodated this factor long enough. I think that New York State and New York City officials should be aware of that. Mr. Chairman, I understand that the President's threat for vetoing S. 1793 has to do with some objections to a Farmers Home amendment of Senator Conrad's and has nothing to do with this immediate situation here. As the chairman said, the Dairy Program has been too successful, and that's the reason there is not enough cheese and milk to go around. There are some interesting possibilities to what may occur next year in the dairy section of the bill. I thought of this when we were in Houston last week and maybe we ought to have the Dairy Subcommittee come travel around with us as we hear from the people who benefit so much from these wholesome dairy products. Cheese and milk are just in great demand and I would hope there would be something we could work out in the Food Security Act next year that could continue the obvious benefits that have come to be realized in the School Lunch Program and in the commodity distribution programs, particularly for the elderly. I have no specific questions.

Mr. HATCHER. We should be able to find a balance that would benefit not only the school children but the producers as well.

Mr. EMERSON. Right.

Mr. HATCHER. I hope we can find that balance. The Peanut Subcommittee is represented here. My district grows 29 percent of the Nation's peanuts, so I hope you are getting enough peanut butter.

Mr. HOFFMAN. Yes, we are.

Mr. HATCHER. Do kids still like peanut butter?

Mr. HOFFMAN. Yes, they do.

Mr. HATCHER. OK, we are going to keep that coming to you. Thanks to each of you for being here today and for your testimony.

Mr. HOFFMAN. Thank you.

Mr. HATCHER. Our next panel consists of Ms. Christina Walker who is executive director of the Food and Hunger Hotline in New York City, Ms. Kathy Goldman, executive director of the Community Food Resource Center in New York City and Ms. Megan E. McLaughlin—is Ms. McLaughlin here?

Ms. GOLDMAN. Ms. Walker is not here and actually, only the Community Food Resource Center is represented here.

Mr. HATCHER. Well, Ms. Bern of the Coalition Against Hunger, I understood was not to be here, is that correct?

Ms. GOLDMAN. Right.

Mr. HATCHER. So we have you, Ms. Goldman?

Ms. GOLDMAN. Yes, and I have taken the liberty of asking Liz Krueger who is my colleague and who happens to be on the board of the Coalition Against Hunger to join me here. She is probably the city's living expert on food stamps.

Mr. HATCHER. Give me your name again.

Ms. KRUEGER. Liz Krueger.

Mr. HATCHER. And you are with the——

Ms. KRUEGER. Community Food Resource Center.

Mr. HATCHER. The same organization.

Ms. KRUEGER. Yes.

Mr. HATCHER. Well, I am certainly glad that you ladies are here today.

Ms. GOLDMAN. You couldn't have kept us away.

Mr. HATCHER. Good, we look forward to hearing from you.

STATEMENT OF KATHY F. GOLDMAN, EXECUTIVE DIRECTOR, COMMUNITY FOOD RESOURCE CENTER, INC., ACCOMPANIED BY LIZ KRUEGER, ASSOCIATE DIRECTOR

Ms. GOLDMAN. First, we certainly agree with Chairman Hatcher's opening remarks that there are more poor people and poor people are poorer than they were. Community Food Resource Center certainly thanks you for inviting us to speak. My name is Kathy Goldman, I am the executive director of Community Food Resource Center. We will be 10 years old in a few weeks as an organization. I have been around this issue a little bit longer than that. Our principal staff person on food stamps, Liz Krueger, is with me, as I mentioned.

One of our key objectives as an organization over these 10 years has been our work to expand participation in and improve the administration of the Food Stamp Program here in New York City. We meet regularly with city and State agency representatives. We monitor the program, and we provide food stamp training to other nonprofit agencies and have developed a lot of food stamp outreach materials some of which we have here if you would like to see it.

We believe that the Food Stamp Program is the single most important food and nutrition program that the United States has. In addition to the advocacy work that we do, I would mention that we run one of the largest soup kitchens in the city. We started out almost 5 years ago feeding about 50 people and we are now providing meals to 500 to 600 people every evening in a rather small facility in West Harlem. So, we are very, very much on top of the fact that people simply do not have enough income and come to us—it is a very nice place, but they wish they could be eating at home, and we wish in many ways that they were eating at home also.

We would like to also complement Congress for already having taken some steps in this direction. Just last month, the cuts to the Food Stamp Program that were proposed by the administration were rejected and a significant increase in funding for fiscal year 1990 was passed. I don't want to go into some of the things that were already discussed here. We do support and agree with previous speakers who mentioned this issue of the excess shelter cap which is a big question. I would perhaps like to give some examples of how that would affect people. For example, a two-parent working family with three children—these are actual cases that have come to us—the family has a monthly earned income of $1,400, a rent of $500 and child care costs of $400, which leaves a five-person family with $500 in monthly disposable income to cover the costs of everything else, utilities, transportation, clothing, medical, personal items, and food, and currently this family receives $252 a month in food stamps. If there were no excess shelter cap, the family would be eligible for $308 in food stamps and that $56 for a family that we are talking about at this income level, that makes a tremendous difference in their lives.

We have a couple of other examples that are in our testimony. For example, a working mother with two school-aged children. The family has a monthly income of $900, a rent of $557—this is not unusual in New York—it leaves a disposable income of $343 to cover everything else. This family receives $131 per month in food stamps. They will get an increase of $79 a month if that shelter cap was lifted, so that is a very important issue.

Another thing that we have—as a matter of fact, there is one attachment that you have which describes some of the issues here. We are urging another issue. The second issue is that the amount of food stamps people get are based upon the Thrifty Food Plan, and it is really just absolutely not realistic. We have also included in the packet a couple of menus and recipes from a booklet that the Federal Government puts out called "Making Food Dollars Count," which is how the Thrifty Food Plan is established and on which the food stamp amount is based, and I would just like to suggest to you that if you—you have this in your packet again, but braised turkey drumsticks which is supposed to provide a cooked turkey meal for 3 meals for 4 people, that is 12 individual portions, is based on 2.87 lbs. of turkey drumstick including bone and skin. Poultry seasoning, salt, pepper, and water, and it goes on to tell you how out of that you separate the meat from the skin and the bones, use the bones and skin to make stock, dice and save three-quarters of a cup of turkey for turkey noodle soup, dice and save one and one-quarter cups of turkey for turkey stuffing casserole, and it is impossible for people to live like this. Again, you have this there, it is just ridiculous—it is an attachment at the back.

Similarly, I mean, just the idea of this is really quite terrible in the United States in almost 1990. Similarly, the menus that you have attached, for a family of four, two bananas. Well, if anybody has ever tried giving a child one-half a banana, especially one that is anything older than 12 years old, you will probably be attacked by that child. I mean, it is just an absolute impossibility. So, we are very concerned that this be shifted at least, at least to the low-cost food plan. It is just not reasonable, it is not realistic.

The whole issue—I'm trying to catch myself here. Well, this issue of the 30-percent benefit reduction, it is again, that is not the amount that poor people have to spend on food and we are suggesting a more realistic rate of available net income that should be used. The Food Stamp Program is designed so that when a household's disposable income increases, food stamp benefits decrease at the rate of approximately 30 cents on the dollar. In New York, again what this means is that if we fight and we get an increase in the public assistance allowance, then people lose food stamps so they are never gaining anything, it is just horrible.

Take for example, again, 1 of 3 families discussed earlier. The working mother with two school-aged children. This family has a monthly income of $900, but payroll taxes of approximately 16 percent reduce their net income to $756 a month. They pay $557 rent, leaving a disposable income of only $199. That is 26 percent of their net income and that is to cover everything including food, so that this is way below that 30 percent. It is very important to change that to a more realistic level. Here in New York, it would greatly soften the blow of the decrease in food stamps that public assistance households will receive when New York State raises its level in January 1990.

We also discussed before the business of the mandatory household definitions. The fact that we have so many people living doubled up in housing, the estimate is that 100,000 New York City households are doubled up so why penalize these people even further by taking away their right to have the amount of food stamps they would have if they were able to have a separate household.

We have a number of other suggestions. We suggest not counting the first $50 of child support payments as income for food stamps. We are very concerned—I think you asked before Congressman Emerson about why some of the administrative headaches and so forth, and we think a big part of this is the fact that there is such an anxiety about fraud, that there is must less anxiety about making sure that people get what they are entitled to and somehow that ought to be evened out. There should be at least maybe penalties for not giving people the food stamps that they are entitled to. I don't know, do we believe this?

Ms. **Krueger**. They don't, but we do yes.

Ms. **Goldman**. OK.

Ms. **Krueger**. Our colleagues from the State and city government don't agree with us.

Ms. **Goldman**. We support permitting quarterly or semiannual disbursements of food stamps for the elderly and also there was a successful pilot that was run that permitted elderly recipients to receive cash, a cash-out of the coupons and that seemed to be a successful idea, maybe that could be tried in additional places.

The standard deduction for unreimbursed medical expenses for elderly and disabled is another issue that we mentioned and we are in favor of this issue you raised before about the motor vehicles which everybody seems to be onto, and finally that we support allowing low income college students who live with their families to receive food stamps. It is very hard for those of us that have a reasonable income to really appreciate what is happening to people who are living really on the edge of disaster all of the time.

Thank you very much.

Mr. **Hatcher**. Thank you, Ms. Goldman. Ms. Krueger, would you like to make some comments?

Ms. **Krueger**. Well, just to go over a couple of points that Kathy made. One on the excess shelter cap. When you asked before, I believe, Mr. Emerson asked, what was different here in New York City? And one of the realities that we face here is that our rents have become so high and take up such a ridiculous proportion of low-income people's disposable income, that they are constantly faced with the choice of paying the rent or eating. And because the landlord doesn't go away and you can't negotiate very well with them, people end up making the very wise decision to go ahead and use all of their disposable income, or as much as they have to, to pay the rent, leaving them nothing for food so that the excess shelter cap is a very major focus here in New York that we think would probably have the most significant impact of anything that Congress could do next year in reauthorizing the Food Stamp Program.

Following up on what Kathy said about the benefit reduction rate. While that is also a specific concern for us here in New York because of the fact that our State legislature did increase a portion of our public assistance grant effective next month, January 1990, so that we are all going to automatically see a reduction in food stamps for everyone on public assistance in the State. This is the same story that is going to hit every minimum wage worker in the United States when the Federal Government increases the minimum wage next year. That we are going to, and Congress has wisely decided, to increase the minimum wage, and we are going to see an immediate drop in the food stamps for every single American that we have just moved in the right direction by increasing their wage so that if we were to reduce the benefit-reduction rate, we would at least somewhat balance out and address that problem.

So I think that also, although it goes to the heart of some of the original premises of what the Food Stamp Program is, it has always been a 30-percent reduction rate. That life is a bit different now then it was when the Food Stamp Program was first created. That's why we included a number of examples of real families here in New York City. When you look at what their money is and where their income is going, we are not in the same boat as we were, people do not have 30 percent of their disposable income left when they pay out everything else to supplement their food cost which was the original theory behind food stamps. I think we have to bring the Food Stamp Program into the 1990's and look at what the realities are of how people need to spend their income.

[The prepared statement of Ms. Goldman and Ms. Krueger appears at the conclusion of the hearing.]

Mr. **Hatcher**. Thank you. Mr. Emerson, do you have some questions?

Mr. **Emerson**. I don't have any questions, Mr. Chairman. Thank you for your testimony.

Mr. **Hatcher**. They did a good job, didn't they?

Mr. **Emerson**. They did.

Mr. **Hatcher**. We appreciate your taking time Ms. Goldman and Ms. Krueger to be here.

Ms. **Goldman**. Any time.

Mr. **Hatcher**. And we appreciate your testimony and the work that you do on behalf of the people who need food. Thank you.

Ms. **Goldman**. Thank you.

Mr. **Hatcher**. That concludes the hearing.

[Whereupon, at 11:15 a.m., the subcommittee was adjourned, subject to the call of the Chair.]

[Material submitted for inclusion in the record follows:]

Testimony of

Oscar Best

Deputy Commissioner for Income Maintenance

New York State Department of Social Services

Good morning. I am Oscar Best, Deputy Commissioner of the Division of Income Maintenance at the New York State Department of Social Services. I'd like to thank the Subcommittee for inviting me to discuss the reauthorization of the Food Stamp Program.

New York State has been a part of the Program from the very beginning. Upstate Erie County - which includes Buffalo - was one of the original pilot areas established by the Federal government in 1969. Currently, there are over 650,000 households - translating into over 1.4 million recipients - receiving assistance in the State. On average, households receive benefits of $53.70 per person per month for food needs.

As we move into the 1990s, and as the problems of poverty, homelessness and hunger persist, we now have an opportunity to improve the Program's ability to meet the needs of our nation's poorest families. I welcome the opportunity to share with you this morning the issues that New York State has identified and our recommendations for improvement. These suggestions, if enacted, would go a long way toward making the Food Stamp Program more responsive to the needs of families by improving benefits and removing barriers to participation, as well as easing the administrative burdens faced by the states.

I also would like to call your attention to the fact that our recommendations are consistent with those being developed by a special task force established by the American Public Welfare Association's National Council of State Human Services Administrators, chaired by the commissioner of my Department, Cesar A. Perales. This group, representing chief welfare officials from all fifty states, will complete their recommendations over the course of the next several weeks.

At the start, I would be remiss if I did not address homelessness, the Food Stamp Program's role in preventing homelessness, and the supporting role it can provide to those families and individuals who find themselves faced with this tragedy.

Nationally, it often seems to be forgotten that there is a critical relationship between homelessness and hunger. For example, we know that the cost of shelter is a major expenditure for low-income households, and that it is the inability to meet monthly housing costs which results in homelessness for many individuals and families.

The Food Stamp Program is unfortunately not responsive to this reality. Presently, when determining the amount of the food stamp benefits, several deductions from gross income are allowed in order to account for the necessary expenses in maintaining a household or holding a job. These deductions include one for dependent care for employed recipients who are caretakers of small children or disabled adults; an earned income deduction to account for various work expenses; a standard deduction for which all families and individuals are eligible; and a medical deduction for the elderly and disabled.

The cost of shelter - including rent, utilities and heating - is the most significant of these adjustments. Known as the excess shelter deduction, it is designed to account for the amount of a recipient's total shelter cost which exceeds fifty percent of net income - income as determined after all other deductions are taken.

Currently, for most food stamp households, this deduction is capped at $177. Although periodically increased by Congress, this cap amount has not at all kept pace with the rise in the cost of housing. Indeed, many households - particularly those in regions of the country with higher housing costs - already have difficulty meeting this expense. In New York State, for example, our figures indicate that over 60% of food stamp households who also receive public assistance have an excess shelter cost above the $177 cap.

In order to make this deduction meaningful, I recommend that it be uncapped. It is currently uncapped for elderly and disabled households only. Expanding it to all households would be an important and practical way to assist them to retain their housing and to slow the rise of homelessness.

We also have to recognize the value of the Food Stamp Program in assisting families once they become homeless. One of the problems these families and individuals face is inadequate nutrition because of the lack of cooking facilities. Permitting these individuals to use their food stamps in authorized restaurants would provide a means for ensuring that the homeless can use their needed benefits.

During the coming year, Congress should also address the issue of conformity between the Aid to Families with Dependent Children (AFDC) program and Food Stamps. These two programs, which very often serve the same population, are operated by two different federal agencies - HHS and USDA - under two different sets of rules. This is the case even though the programs often serve the very same population and are administered by the same state welfare agency. Almost every aspect of the two programs are affected. There are different definitions of households; different resource and income levels, and different work and training requirements, to name only a few.

This lack of conformity has an adverse impact on both program administration and on the recipient. Local social services workers - who are responsible for determining eligibility for both programs - need to know two sets of rules, many of which conflict with one another. In addition, these rules are constantly changing due to statutory changes made every few years. The result is a virtual maze of rules which are almost impossible to keep track of, and which often are the cause of quality control errors.

On the recipient side, our clients are faced with conflicting requirements which must be met in order to receive benefits. The confusion can often be so great that many potential recipients do not bother to apply.

As reauthorization discussions continue, it is critical that we address this issue. I would make several specific changes. First, I would recommend that educational grants and income be treated the same for AFDC and Food Stamps. AFDC generally exempts most types of educational grants and loans. This policy was established to encourage education - a critical factor in achieving self-sufficiency. Food Stamps, however, does not permit the exemption of these same grants and loans. This policy, while not only inconsistent and administratively burdensome, also dilutes the very incentives to self-improvement Congress established with the passage of the Family Support Act of 1988.

Secondly, I recommend that the first $50 of child support which is disregarded as income for the AFDC program also be disregarded for food stamp purposes. The difference in treatment of this disregard has been an administrative burden on states for years, and contributes to numerous payment errors. New York strongly urges the Subcommittee to make the treatment of this disregard consistent.

Lastly, the Food Stamp Employment and Training Program should be re-examined, especially in light of the enactment of welfare reform. Participation and exemption requirements, the length of sanctions for program infractions and various reporting and monitoring criteria are all different for Food Stamps and AFDC. And these differences will become even more acute with the implementation of the JOBS program established by the Family Support Act of 1988. It would be unfortunate if we did not take this opportunity to coordinate these programs so that the mutual goal of self-sufficiency can be better achieved.

I cannot stress enough that coordination is of critical importance. Proposals have been made by states and advocates for several years; however, because of the complexity of the issues and the split authority for the programs at the federal agency level and in Congress, these proposals have never been taken seriously. I therefore urge the Subcommittee to take on this issue aggressively. I know that the American Public Welfare Association would be willing to share their expertise, and my staff and I would be happy to sit down with the Subcommittee to discuss these issues in more detail.

Other areas the Subcommittee should address include the benefit reduction rate, the definition of household, treatment of non-exempt vehicles and the upcoming Census. Let me take a few moments to describe these issues.

Since 1977, the food stamp benefit calculation has been based on the assumption that thirty percent, or approximately one third of a household's net income, should be spent on food. Today, however, it is unrealistic to expect a low-income family to spend this great of a percentage of its cash income on food. In addition, the application of this reduction rate results in a loss of food stamp benefits equalling one dollar for every three dollars of increased income, including increases in public assistance payments. Indeed, states wishing to raise AFDC levels - even those states with the lowest levels - face this dilemma when they increase benefits, no matter how desperately needed. It is also interesting to note that the recipients of the recently enacted increase in the minimum wage who participate in the Food Stamp Program will also suffer this reduction. I urge the Subcommittee to examine this rule as discussions continue this year and next.

My second concern is that the current definition of household is very complex and does not reflect the reality of the living situation found in many low-income households. Many families and individuals, who would otherwise live separately, have been forced to share shelter with family members or friends due to the housing shortage. While sharing housing, however, they still maintain their separate household indentities and do not combine their income. The household definition should be revised to reflect this reality and to simplify the job of eligibility workers. It should be based on the concept of "food unit" - those who actually share food. A household should be defined as groups of individuals - other than spouses, parents and their minor children - who state they purchase food and prepare meals separately from the others with whom they live.

Let me give you an example of this problem that we see all too often. There is a mother with a teenage child. The household is receiving food stamps. At some point, the woman's adult son - over the age of 21 - moves back into the house, yet refuses to give his mother any money for room and board. Since the food stamp household definition requires the adult son's income to be considered when determining eligibility, the household is deemed no longer eligible for assistance. The food unit recommendation I have made would rectify this problem.

We also need to examine the dollar limit for the non-exempt vehicle when resources are considered during the eligibility process. The current dollar limit, arbitrarily established in 1977 at $4500 fair market value, is clearly out of date. We must recognize that an automobile is a necessity, not a luxury, for many food stamp recipients. Often, recipients depend upon an automobile to seek or retain shelter, to seek employment, or commute to employment. I recommend that the fair market value of an automobile, not otherwise exempt, be disregarded up to the amount of a licensed vehicle exemption standard. This standard would be the average base price of a new, designated compact car manufactured by the three U.S. auto makers. The standard would be annually updated to reflect increases in the average base of these automobiles.

I would also like to ask your assistance in the upcoming Census. As you know, the Federal government has historically experienced difficulty in recruiting employees from low-income areas. One reason is that any income from this temporary job is considered income for food stamp and AFDC purposes. Thus, the recipient loses benefits and can become embroiled in a maze of paperwork as a result of the temporary job. I recommend that a specific income exclusion for temporary census workers be enacted, both for Food Stamps and AFDC.

Lastly, as we anticipate the implementation of the new provisions of the Food Stamp Program, I ask that you consider the time it will take for states to effectively implement the changes. In the past, we have been faced with either retroactive or very short timeframes for implementation of major statutory changes. No state can plan and implement changes without adequate lead time. I would ask that you provide for implementation at least six months in the future, and require USDA to promulgate regulations at least four months prior to the effective date.

Before closing, I would like to briefly address the recently enacted changes to the AFDC quality control system. As passed in reconciliation, the reform package forgives sanction liability through 1990. The Food Stamp quality control reforms passed with the Hungar Prevention Act of 1988, while providing the states with a much more balanced and fair system, did not address the previous inequities which contributed to state error rates dating back to 1984. I urge you to revisit this issue for Food Stamps in the context of reauthorization.

If the changes I have outlined here are enacted, the Program will be greatly enhanced. Administrative burdens will be eased and recipients will be better served. The inconsistencies and confusion now part of the Program, which are true barriers to participation, will be removed.

I know that this Subcommittee is very interested in these issues. We were consulted when the Barriers Reduction Act was being considered several years ago. I would also note that New York State itself has been engaged in efforts to reduce barriers to participation. When we saw that our Food Stamp issuance system, which relied heavily on the banking community, was no longer working, the State worked with USDA to establish an alternative method of issuing food stamps that utilizes state-of-the art computer technology. Now in 300 locations in seven counties throughout the State, recipients can receive their food stamps directly in grocery stores - from large chains to small neighborhood establishments. This effort, which has been operated on a pilot basis, will be expanded next year. I would be happy to share details on this effort with the Subcommittee at a later date.

Thank you for the opportunity to testify before you this morning. On behalf of Commissioner Perales, let me say my Department looks forward to working with you in the coming year as reauthorization is discussed. The shape of this vital program will have a profound effect on our fight to alleviate hunger in this country.

NEW YORK STATE
DEPARTMENT OF SOCIAL SERVICES
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CESAR A. PERALES
Commissioner

OSCAR R. BEST, Jr.
Deputy Commissioner
Division of Income Maintenance

January 25, 1990

The Honorable Charles Hatcher
Chair, Subcommittee on Domestic
Marketing, Consumer Relations
and Nutrition
House Committee on Agriculture
1301 Longworth House
Office Building
Washington, D.C. 20515-6001

The Honorable Bill Emerson
Ranking Minority Member
Subcommittee on Domestic Marketing,
Consumer Relations and Nutrition
House Committee on Agriculture
1301 Longworth House
Office Building
Washington, D.C. 20515-6001

Dear Representatives Hatcher and Emerson:

I want to thank you for inviting me to testify at the field hearing in New York City on December 8, 1989 which was conducted by your Subcommittee. The reauthorization of the Food Stamp Program provides us with the opportunity to better provide nutritional assistance to poor families and children.

As a follow-up to my testimony, I would like to briefly reiterate the major suggestions I made during my appearance before the Subcommittee which would improve client access to the benefits and simplify administration. If possible, I request that this letter be included as a supplement to my testimony in the official hearing record.

Our first priority is the elimination of the $177 cap on the excess shelter deduction for all food stamp households. Low-income families are often unable to meet the monthly cost of shelter, with homelessness being the result. Uncapping the shelter deduction for all households, as it is currently for elderly households, would help these families retain their housing.

New York State's second priority is achieving conformity between Aid to Families with Dependent Children (AFDC) and the Food Stamp program. Although these two federal programs very often serve the same population, they are operated by two different federal agencies under two different sets of rules. Specific points to be addressed include the child support disregard and the treatment of educational grants and loans. Both are exempted as income for AFDC purposes, but not for Food Stamp purposes.

As I indicated during the Bronx hearing, New York State offers its technical expertise on this matter to the Subcommittee. Reauthorization offers a prime opportunity to address this critical issue and make changes which will ease administration and improve client access.

AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER

Third, we urge that the dollar limit for non-exempt vehicles be examined. The current $4500 standard was arbitrarily established in 1977 and is now clearly out of date. A car is not a luxury for many food stamps recipients, with many of them relying on an automobile to seek or maintain employment. Instead of the current standard, I recommend that the fair market value of an automobile, not otherwise exempt, be disregarded up to the amount of a new licensed vehicle exemption standard. This new standard, which would be based on the average base price of a new American-made compact car chosen for this purpose, would be annually updated. Use of this standard, which is also recommended by the American Public Welfare Association, would make the dollar limit realistic and fair to recipients.

Fourth, Congress should examine the thirty percent benefit reduction rate. States are currently faced with a dilemma when they seek to increase public assistance benefits to poor families. For every three dollars the public assistance grant is increased, families lose one dollar in food stamps. This reduction rate, in place since 1977, was based on the premise that one-third of a household's net income should be spent on food. Today, however, this premise is unrealistic. Families must spend more of the household's income on all basic necessities, including food. We should take this opportunity to review the spending patterns of low-income households to determine a more fair benefit reduction rate.

Lastly, further reform of the Quality Control system should be considered. With the recent reforms incorporated into the AFDC program, attention should now be given to extending the same provisions to Food Stamps. In particular, we would recommend eliminating the backlog of past sanctions and making waiver decisions appealable.

I would also like to take this opportunity to provide a more complete response to your question concerning automated eligibility systems. New York State has aggressively developed and implemented a number of automated systems driven by our core Welfare Management System (WMS). WMS provides automated applicant clearance, eligibility determinations and benefit authorization functions for medical assistance, public assistance and food stamps to all of the State's 57 counties and the City of New York. A principle subsystem of WMS is the Automated Budgeting and Eligibility Logic, or ABEL. This subsystem calculates the financial eligibility for all programs based upon data input by eligibility workers. These budgets are then stored in the system and benefit authorizations are compared against these budgets. The system also provides the State with the capability to make mass budgeting changes to recipient benefit authorizations without staff handling of each case individually. I am attaching a detailed description of ABEL for your information.

Again, let me thank you for the opportunity to present New York State's recommendations for improving the Food Stamp Program. Please feel free to contact us if we can be of any assistance. Lloyd Bishop, the Department's Federal Legislative Liaison, and Julie Scofield from the New York State office of Federal Affairs stand ready to assist your staff. They can be reached at (518) 474-9492 and 638-1131, respectively. We look forward to working with you in the coming year.

Sincerely,

Oscar R. Best, Jr.
Deputy Commissioner

Enclosure
cc: Cesar A. Perales
Commissioner
N.Y.S. Department of Social Services

AUTOMATED BUDGET AND ELIGIBILITY LOGIC (ABEL)

New York State Department of Social Services
Division of Income Maintenance

January 1990

Automated Budget and Eligibility Logic (ABEL)

Overview

The Automated Budget and Eligibility Logic in WMS referred to here as Budget Calculation and designated by the mnemonic ABEL, can be used to calculate the financial eligibility of PA and/or FS recipients. Eligibility information providing clients' needs and income information is entered by workers on Budget Input screens. Budget calculation programs compare the input eligibility information to local and statewide tables and standards of assistance, determine if the case is eligible, calculate the amounts of the Public Assistance cash grant and/or FS Allotment, and provide the results which show the calculations on an Output screen.

The process is accessed by a selection off the WMS Menu (See Attachment 1) or by use of a Special Function Key immediately after the user "signs on" to the System at individual terminals located in their work areas. Budget Calculation has been designed for use by line staff and operates in an on-line, real-time environment. PA Budgets may be calculated for Case Types 11-14, 16, 17, FS Budgets for Case Types 11-14, 16, 17, 19, 31 and 32. (See Attachment #2 for a list of ABEL Codes.)

When the Budget Calculation process is used to calculate budgets, the resulting budgets can be stored on the data base in association with an Application or Case record. These stored budgets can be accessed for recalculation if necessitated by any changes in the case.

In PA and FS, Budget Calculation also allows Direct Reauthorization (DRA). The DRA process produces an on-line printed Authorization (3209) directly from a stored budget, thus by-passing the usual undercare/maintenance routine of submitting changes to data entry. This new Authorization will reflect the recalculated budget amounts as changes and/or additions to authorized payment lines.

WMS has begun to edit authorized payment amounts against information contained on stored ABEL budgets and will be expanding the use of these edits in the future.

Input

Access to the Budget Calculation screens is obtained by entering the Registry Number (for cases which have not completed the Batch Update process) or Case Number (for cases which have) on the Input Entry line for PA and FS on the Budget Calculation Menu. (See Attachment #3.)

If there is no prior stored budget for the case or for the application record, the requested entry screen returns blank. (See Attachment #4 for PA and Attachment #5 for FS.) The eligibility examiner enters the appropriate data and transmits. A calculated budget is returned. (See Attachment #6 for PA and Attachment #7 for FS.) If there is a prior calculated budget stored, the calculated budget screen returns displaying the current stored budget for the case. If changes are necessary, the proper special function key returns the requested entry screen which is completed or changed per budget requirements and then transmitted. A successful budget input transaction is acknowledged by the return of the calculated budget screen. Depressing SF 13 stores the calculated budget on the data base and presents the Line 24 message: BUDGET XX UPDATED MM/DD/YY where XX is 01 for the first stored budget or is the Version Number incremented by 1. The "Date Stored" field will be filled in with this date the next time this budget is accessed via the menu.

For Public Assistance cases, use of a Special Function Key will transfer applicable income and needs data from the PA Budget and display it on the FS Input screen automatically applying appropriate FS exemptions and deductions. Workers can change or supplement this information if necessary, and, by transmitting the FS Input screen, will obtain a calculated FS Budget displayed on the FS Output screen. Depressing SF 13 stores the calculated FS Budget as explained above. In addition, if certain information is deleted from a PA Budget, corresponding information on the associated FS budget will be automatically deleted.

Bottom-Line Entry

Bottom-Line Entry is a mechanism for storing on the data base budgetary information for those budgets that are not calculated by the WMS Automated Budget and Eligibility Logic processes. The amounts entered on the Bottom-Line screen are those which are the results of either a manual or computer calculated budget. Only about 1% of all budgeting situations must be done using Bottom-Line Entry. Examples of Bottom-Line budgeting situations include cases having three individuals each with earned income and cases which for various reasons are to be given less than standard allowances.

If there is no prior bottom-line budget stored for the case or application record, the requested entry screen returns blank. If a bottom-line budget was stored for the case, the bottom-line entry screen returns with the prior budget displayed. The requested screen is completed or changed per budget requirements and transmitted. A successful bottom-line budget input transaction is acknowledged by the Line 24 message: INPUT DATA IS ERROR FREE. Depressing SF 13 stores the bottom-line budget on the data base and presents the Line 24 message: BOTTOM-LINE BUDGET RECORD UPDATED TO VERSION XX ON MM/DD/YY. The "Date Stored" field will be filled in with this date the next time this budget is accessed via the menu.

Deletion of Budgets

A stored budget may be deleted. For PA and FS, this is accomplished by selecting the Deletions entry on WBPAFS - PA/FS Budget Calculation Menu and transmitting. WBPFDL - Budget Record Deletions screen is returned. The worker enters the appropriate data and transmits. A message acknowledging the deletion is returned. (When a transaction changes the PA-FS code to 02, 03, 04, 06 or 09, any stored FS budget for this case is automatically deleted when the Pending Record goes through Batch Update.)

Stored Budgets

Any calculated PA, FS or error-free Bottom-Line budget may be stored by pressing SF 13. When a budget is stored, it overlays any previously stored budget of the same type. A PA case may have up to three types of budgets stored: PA, FS and Bottom-Line. An FS case may have only an FS and Bottom-Line budget stored. A Budget History File is currently being developed which will allow access to selected budget information from each of two previously stored PA, FS and Bottom-Line budgets as well as the currently stored versions of these budgets.

Non-Stored Budgets

For PA and FS, entry of the word SCRATCHPAD in Case No. field for the Input Entry selection (not allowed for bottom-line) on WBPAFS - PA/FS Budget Calculation Menu returns WBPAWB - PA Input screen. After successful transmission, the calculated budget is returned. This scratchpad budget cannot be stored on the data base because it is not associated with any specific case. Scratchpad budgets are normally used during the initial application process to assess the need for further eligibility determination.

Budget Interaction with Monthly Reporting

A Monthly Reporting indicator field is available on both the PA and FS Input Budget screens to allow for interaction between the stored budget and Monthly Reporting Screens (WMRUP1, WMRUP2). An entry in the "MR" field indicates that an automatic update of the Monthly Reporting screens is desired. Information from the newly-stored budget and the previous budget are compared to determine if there is an increase, decrease or no change in entitlement. The proper codes along with the amount of increase or decrease in grant, if any, are then moved automatically to the Monthly Reporting screens.

Transfer of FS Budget for Separate Determination

If a new FS case is opened by the FS Separate Determination process, the FS budget can be transferred by the system from the closed PA case to the new FS case. This transfer will take place if the following conditions are met:

1. The PA case must have Case Type 11, 12, 14, 16 or 17.

2. The FS budget to be transferred must

   a. have a FROM date equal to the first of the month
   b. have been updated to reflect all information pertinent only to the new FS case
   c. have an X entered in the SD (Separate Determination) field
   d. have been stored using the PA case number.

When the new FS case opening goes through Batch Update, the corrected and stored FS budget previously linked to the PA case will now be linked to the new FS case. This FS budget will now have the FS case number and case type plus a Transaction Type of 05. The X in the SD field will be deleted.

Direct Reauthorization

In PA and FS only, once a calculated PA and/or FS budget has been stored, Direct Reauthorization can be accomplished by using SF-11 to return screen WBGT06 - Direct Reauthorization, the equivalent of Section 6 of the Authorization. This screen contains the new payment line information from the new budget calculation. Entry of an appropriate reason code is required for PA cases. After WBGT06 is transmitted, the System Acknowledgement Screen is returned and a new Authorization is created and printed according to local district option. A pending record is created with a pending data status of DBR/SSG, DBR/BUP, or AT/DBR depending on the local district option.

In order to perform Direct Reauthorization there can be no pending record currently associated with the case. Until Direct Reauthorization has completed Batch Update, no Undercare/Maintenance can be performed on the case, since there can only be one pending record per case at one time.

Mass Rebudgeting Results - Mass Rebudget Inquiry

Mass Rebudgeting/Reauthorization process (MRB/A) is a three part automated ABEL function which is used to support district action in mass change situations:

1. Case Identification

   The MRB/A sorts all cases potentially affected by a change (PA and/or FS) into "eligible" and "exception" files.

2. Rebudgeting

   The MRB/A executes a new ABEL Calculation for eligible cases to produce a new PA cash grant and/or FS allotment amount.

3. Reauthorization

   The MRB/A reauthorizes new PA and FS payment amounts if the rebudgeted case passes a series of reauthorization edits.

The "Mass Rebudget Inquiry" selection on the Budget Calculation Menu provides access to case listings that report results of MRB/A.

After accessing WMRINQ - Mass Rebudgeting Inquiry Menu, the desired file is selected (Eligible or Exception), the Office, Unit, and Worker entered (exactly as on the affected budgets), the list order (name or number) chosen, and the particular three letter MRB/A code entered. Transmission of WMRINQ produces Page 1 of the selected file.

The eligible file lists cases that passed all rebudgeting edits and have been mass rebudgeted. The final column of the eligible list, "REJ/EXCEPT" (Rejection/Exception Reason) will report whether the case also passed mass reauthorization edits and has been mass reauthorized. The exception list reports the "Exception Reason" which prevent mass rebudgeting.

A series of total screens, also accessed from WMRINQ, presents district figures for the various major categories of MRB/A actions and edits: (1) Eligible totals; (2) Exception totals; (3) PA Exception Subtotals; (4) FS Exception Subtotals; (5) Mass Reauthorization Edit Subtotals.

Mass Rebudgeting Results - IV-D Payment Inquiry

IV-D Mass Rebudgeting/Reauthorization process (IV-D MRB/A) affects PA cases which are reported in the monthly automated Support Collection Unit (ASCU) "Current Support Collected" file. This process occurs in the following sequence.

1. Case Identification

   ASCU provides WMS with a monthly file of potentially affected PA cases for the IV-D support disregard including eligibles and exceptions.

2. Rebudgeting, IV-D Payment Line

   WMS consolidates the two most recent ASCU files to obtain a previous and current IV-D payment amount to identify MRB/A eligible cases. MRB/A writes a new IV-D disregard payment line for eligible PA cases and calculates a new FS budget where appropriate.

3. Authorization

   The MRB/A reauthorizes cases if all exception edits are passed.

The IV-D Payment Inquiry selection on WBPAFS-WMS PA/FS Budget Calculation Menu provides access to WIVINQ-WMS IV-D Payment Inquiry Menu.

After accessing WIVINQ-WMS IV-D Payment Inquiry Menu, the desired file (eligibles or exceptions) is selected, the office, unit and worker entered (exactly as is in the WMS case record). Transmission of WIVINQ produces Page 1 of the selected file.

Selecting the eligibles file returns WMRIV2-WMS Mass Rebudgeting Results Eligible List for IV-D.

Selecting the exceptions file returns WMRIV1-WMS Mass Rebudgeting Results-Exception List for IV-D.

Three (3) sets of total screens, also accessed from WIVINQ presents district figures for the various major categories of MRB/A actions and edits: (1) Eligible totals; (2) Exception totals; (3) IV-D Exception Subtotals.

Attachment 1

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WMSMNU
                         WELFARE MANAGEMENT SYSTEM MENU
 USE APPROPRIATE SF KEY (1-15) OR INDICATE SELECTION NUMBER   ^^   XMT  ^


 01    PA/FS BUDGET CALCULATION           17    CASE REACTIVATION
 02    MA BUDGET CALCULATION              18    AUTO SDX/WMS MENU
 03    STATISTICS                         19    CCRS MENU
 04    APPLICATION REGISTRY MENU          20    SSRR MENU
 05    DENIAL ENTRY (APP AND SVCS)        21    W4139R INQUIRY REPORT
 06    SIGN OFF                           22    MA/FS SEP DETERMINATION
 07    N-S WORKBOOK DATA ENTRY            23    GIS MENU
 08    N-S UNDERCARE MAINTENANCE          24    MONTHLY REPORTING
 09    SERVICES FULL DATA ENTRY           25    MEDICAL ASSISTANCE MENU
 10    SERVICES UNDERCARE/MAINTENANCE     26    RFI MENU
 11                                       27    CBIC MENU
 12    WMS CASE & INDIVIDUAL INQUIRY      28    EMPLOYMENT MENU
 13                                       29    IV/A-IV/D RESPONDENT INFORMATION
 14    DISPOSITION MENU                   30    FAIR HEARING MENU
 15    LDMIP MENU                         31    MMIS INQUIRY MENU
 16    WMSMNU (MENU KEY)                  32    IRCS MENU
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CODES

Attachment 2A

I. TRANSACTION TYPE

01 Application Denial
02 Opening
03 Denial
05 Change
06 Recertification/Reauthorization
07 Closing
08 Recertification - Closing
09 Open/Close
10 Reopening
12 Forced Closing

II. CASE TYPE

11 ADC
12 ADC-U
13 ADC-FC
14 PG-ADC
16 HR
17 VA
19 EAF (FS Only)
31 NPA-FS
32 FS-MIX

*III. FUEL TYPE

1 Natural Gas
2 Oil
3 PSC Electric
4 Coal
5 Wood
6 Kerosene
7 Propane
8 Municipal Electric
9 Other Fuel
0 Heat Included in Shelter Costs
X No Fuel Allowed

IV. FS CATEGORICAL ELIGIBILITY INDICATOR

Y YES
N NO

V. FS EXPENSE INDICATOR CODES

A Actual Amount (Heat/Cooling and Utilities Only)
X Greater of the Standard or Actual Amount
C Greater of the Combined Heat/Cooling and Utility Standard or Actual Amount (Heat/Cooling Only)
2-9 Standard Pro-rate Factor

VI. MONTHLY REPORTING INDICATOR

S Monthly Reporting (Possible Suspension)
X Monthly Reporting

*VII. SHELTER TYPE u = unlimited

01 Rent Private (Including Trailer Lot)
02 Rent Public
03 Own Home (Including Trailer)
04 Room & Board
05 Hotel/Motel Permanent
06 Hotel/Motel Temporary (u)
07 Migrant Labor Camp
08 Subsidized Housing
09 Medical Facility ($40 PNA only) (u)
10 Congregate Care Level II-Drug/Alcohol Treatment Facility (Residential Treatment Center)
11 Room Only
12 Non-Level II Alcohol Treatment Facility (u)
15 Congregate Care Level I-Family Care
16 Congregate Care Level II-Not Drug/Alcohol Treatment or Apartment-like
17 Congregate Care Level II-Apartment-like (OMH/OMRDD Supportive/Supervised Apartments; DSS Enriched Housing)
19 Tier II Family Shelter (3 Meals/Day) (u)
20 Rental Supplement
21 Shelter for Homeless/Transitional Housing (3 Meals/Day)(u)
22 Residential Program for Victims of Domestic Violence (3 Meals/Day) (u)
23 Undomiciled
33 Homeless Shelter Tier II (Less Than 3 Meals/Day) (u)

** PA Only*

*VII. SHELTER TYPE (cont'd)

36 Shelter for Homeless/Transitional Housing (Less Than 3 Meals/Day) (u)
37 Residential Program for Victims of Domestic Violence (Less Than 3 Meals/Day) (u)

*VIII. SHELTER PRORATION INDICATOR

C Prorate Children's Share of Shelter Needs
N Prorate All Needs Except Shelter
S Prorate Shelter Expenses Only
P Prorate Parent's Share of Needs
1-9 Number of Essential Persons

*IX. SHELTER RESTRICTORS/INDICATORS

X Shelter Allowance
E Entire Shelter Cost

*X. OTHER PA ALLOWANCE

01 Restaurant Allowance - Dinner
02 Restaurant Allowance - Lunch - Dinner
03 Restaurant Allowance - Breakfast - Lunch - Dinner
†05 JTPA $30 Training Incentive
†06 Refrigerator Rental
09 Chattel Mortgages
†12 Occupational Training
13 Home Delivered Meals
14 Other Shelter Needs
18 Expenses Incident to Pregnancy

XI. OTHER FS ALLOWANCES

15 FS Installation Fee
16 Pro-Rated FS Installation Fee

*XII. CHILD CARE RESTRICTOR

X Child Care Allowance
E Entire Child Care Expense

*XIII. $30 + 1/3/$30 INDICATOR

1 If Eligible, Give $30 + 1/3
2 Calculate With $30 + 1/3
3 Calculate With $30

XIV. LINE NUMBER

01-20 Line number of individual in case with income
*98 Income is received by individual in co-op PA case

XV. EARNED INCOME SOURCES

01 Salaries, Wages, Employer-Provided Sick Pay
04 Work Experience Non-WIN
05 Irregular or Infrequent Income
06 Other Earnings
07 VISTA (FS Only)
08 Severance Pay
09 Family Day Care Provider Income
12 Lump Sum (PA Only)
13 Lump Sum Received by Current Wage Earner (PA Only)
20 Net Business Income
21 Earnings of a Sanctioned LRR or Sibling (PA Only)
22 Earnings of a LRR in Co-op Case (PA Only)
30 Training Allowance (FS Only)

(Additional Earned Income Sources continued on next page)

† *Not Included in the Eligibility Determination*

XV. EARNED INCOME SOURCES (cont'd)

31 Earnings from TEAP
35 School to Work Employment Program (FS Only)
40 Earnings from JTPA
44 Office Vocational Rehabilitation
45 Income from Boarder/Lodger
46 Net Income from Rental of House, Store or Other Property, Worked More than 20 Hours per Week
47 Net Income from Rental of House, Store or Other Property, Worked Less than 20 Hours per Week (PA Only)
48 Income from a Roomer
49 Earned Income of a Sponsor (FS Only)

XVI. FREQUENCY CODES

1-5 Number of Times Received or Paid in the Month
W Weekly
B Bi-Weekly
S Semi-Monthly
M Monthly

*XVII. WORK DEDUCTIONS INDICATOR

F Full Time
P Part Time
N No Deductions Allowed

XVIII. OTHER/UNEARNED INCOME SOURCES

01 Adoption Subsidy (FS Only)
02 Alimony/Spousal Support
03 Any Dividends, Interest or Periodic Receipts from Stocks, Bonds, Mortgages, Bank Interest, Trust Funds, Annuities, Credit Unions, Estates, etc.
04 Black Lung Disease
05 Monthly Net Amount of Educational Grants & Loans (FS Only)
06 Child Support Payments
07 Disabled Veteran's Benefits (Non-Service Connected)
08 Annuity Mortgage Loan
09 Foster Care Payments (FS Only)
10 GI Dependency Allotment
11 Disabled Veteran's Benefits (Service Connected)
12 Gifts
13 Alimony/Spousal or Child Support Assigned to Agency (PA Only)
18 Income from Friends or Non-Legally Responsible Relatives
19 Income from Friends or Non-Legally Responsible Relative Outside of Household
22 Income-In-Kind (PA Only)
26 Lump Sum Payments (PA Only)
30 Income from JTPA (PA Only)
33 NYS Disability Insurance
35 Railroad Retirement Benefit - Dependent
36 Retrospective Budgeting PA Supplement (FS Only)
37 Public Assistance Grant (FS Only)
38 Railroad Retirement Benefit
39 Retirement Benefits (Pensions)
41 Sick Pay (Private Insurance)
42 Social Security Disability Benefit

* *PA Only*

XVIII. OTHER/UNEARNED INCOME SOURCES (cont'd)

43 Social Security Survivor's Benefit
44 Social Security Retirement Benefit
45 SSI Benefit (HR and FS Only)
46 Social Security Benefit - Dependent
49 Unemployment Insurance Benefit Compensation
50 Union Benefits
51 OVR Training Allowance (PA Only)
54 Restricted Payment (FS Only)
55 Veteran's Pensions or Benefit
59 Workmen's Compensation
71 Income of a Sanctioned LRR or Sibling (PA Only)
72 Income of a LRR in Co-op Case (PA Only)
73 Earnings of a Child or Minor Who Is A Full or Part-Time Student Who Is Not Employed Full-Time (PA Only)
74 Earnings of a Child from JTPA (PA Only)
75 Deemed Income from a Step-Parent (PA Only)
76 Deemed Income from a Sponsor (PA Only)
77 Net Income from Rental of House, Store or Other Property, Worked Less than 20 Hours Per Week (FS Only)
79 Income from the Trust Fund of an Infant
82 Contribution from a Step-Parent (PA Only)
83 Contribution from a Sponsor
84 Unearned Income of a Sponsor (FS Only)
85 Deemed Income from a Grandparent (PA Only)
86 Contribution from a Grandparent (PA Only)
87 IV-D Payment (FS Only)
88 Parent's Share of Needs (PA Only)
89 Parent's Share of Needs Less Than Prorated Share (PA Only)
99 Other

XIX. GROUP HOME TYPE

1 Family Care - Level I
2 Residential - Level II
3 State Operated Community Residence
4 OMH/OMRDD Supervised/Supportive Apartment or Enriched Housing (Level II)

XX. RECALCULATION INDICATOR

Y Yes
N No

XXI. RECOUPMENT/CLAIM TYPES

1 Agency Error
2 Client Error
3 Advance Payment (PA Only)
4 Intentional Program Violation
5 IV-D Payment (PA Only)

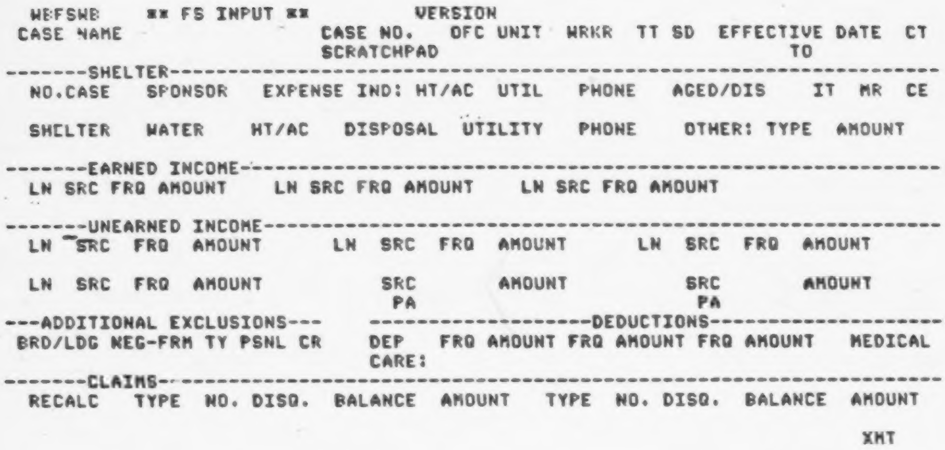
Attachment 3

```
WBPAFS                    WMS PA/FS BUDGET CALCULATION MENU

  FUNCTION ^    CASE NO. ^^^^^^^^^^    REGISTRY NO. ^^^^^^  DIST ^^^^   XMT ^

   FUNCTION                                FUNCTION
      1     INPUT ENTRY                       6     MASS REBUDGET INQUIRY
      2     BOTTOM LINE ENTRY                 7     IV-D PAYMENT INQUIRY
      3     BUDGET HISTORY
      4     DELETIONS
      5     AUTHORIZATION REPORT REQUEST

  ENTER THE VALID FUNCTION NUMBER ALONG WITH THE FOLLOWING:

  FOR BUDGETS:
  EITHER THE CASE NO. OR REGISTRY NO. MUST BE ENTERED NEXT TO THE APPROPRIATE
  HEADING ALONG WITH THE DISTRICT NAME IF CROSS DISTRICT INQUIRY IS DESIRED.

  FOR DELETIONS:
  EITHER THE CASE NO. OR REGISTRY NO. MUST BE ENTERED NEXT TO THE APPROPRIATE
  HEADING.

  FOR AUTHORIZATIONS:
  THE CASE NO. MUST BE ENTERED NEXT TO THE HEADING.
```

Attachment 4

```
  WBPAWB   ** PA INPUT **           VERSION
 CASE NAME                 CASE NO.   OFC UNIT  WRKR  TRAN  EFFECTIVE DATE  CAS
                           SCRATCHPAD                             TO
--NEEDS-- NUMBER: HH CA  DP-HH DP-CA  CAP   FUEL: TY RES PER  UTIL/RES  MR  SAN

    SHELTER        AMOUNT       WATER          PA ADDITIONAL ALLOWANCES
 TY PRO IND RES ACTUAL ALLOW  RES AMOUNT  R TY AMOUNT  R TY AMOUNT  R TY AMOUNT


--EARNED INCOME--           EXEMPT  ****************CHILD CARE*****************:
 LN 30I 30M SRC FRQ D GROSS  HR-$30  MMYY AMOUNT   MMYY AMOUNT   MMYY AMOUNT CC


--OTHER INCOME--
  LN SRC FRQ AMOUNT EXEMPT   LN SRC FRQ AMOUNT EXEMPT   LN SRC FRQ AMOUNT EXEMP


--RECOUPMENT-- RECALC   TY  BALANCE  PRCNT  AMOUNT   TY  BALANCE  PRCNT  AMOUNT
                                      00.0                            00.0
                        TY  BALANCE  PRCNT  AMOUNT
                                      00.0
FS CASE NO.                                                               XMT
```

Attachment 5



```
 WEFSWB    ** FS INPUT **          VERSION
CASE NAME                   CASE NO.   OFC UNIT  WRKR  TT SD  EFFECTIVE DATE  CT
                            SCRATCHPAD                               TO
-------SHELTER------------------------------------------------------------------
 NO.CASE   SPONSOR   EXPENSE IND: HT/AC  UTIL   PHONE   AGED/DIS    IT  MR  CE

 SHELTER   WATER   HT/AC  DISPOSAL UTILITY   PHONE    OTHER: TYPE  AMOUNT

-------EARNED INCOME------------------------------------------------------------
 LN SRC FRQ AMOUNT    LN SRC FRQ AMOUNT    LN SRC FRQ AMOUNT

-------UNEARNED INCOME----------------------------------------------------------
 LN  SRC  FRQ  AMOUNT      LN  SRC  FRQ  AMOUNT      LN  SRC  FRQ  AMOUNT

 LN  SRC  FRQ  AMOUNT          SRC       AMOUNT          SRC       AMOUNT
                                PA                        PA
---ADDITIONAL EXCLUSIONS---    -------------------DEDUCTIONS-------------------
BRD/LDG NEG-FRM TY PSNL CR    DEP   FRQ AMOUNT FRQ AMOUNT FRQ AMOUNT   MEDICAL
                              CARE:
-------CLAIMS-------------------------------------------------------------------
 RECALC   TYPE  NO. DISQ.  BALANCE  AMOUNT   TYPE  NO. DISQ.  BALANCE  AMOUNT

                                                                          XMT
```

Attachment 6

```
WBGTPA    ** PA BUDGET **         VERSION         DISTRICT ALBA    12/28/89
CASE NAME                   CASE NO.     OFC  UNIT   WORKER  TRAN  CASE MR SANC
XXXXXXXXXXXXXXXXXXXXXXXXX   SCRATCHPAD   XXX  XXXXX  XXXXX   02    11
HH CA  DP-HH DP-CA       PI SI  FP           ********** EARNED INCOME **********
07 07                                        #   LN  30I 30M  SRC  FRQ   D  CCR
TY R         ACTUAL   ALLOW                  1:  01   1    03  01   4    F
      BASIC           49800                  2:  02        00  01   1    P
      ENRGY            6270   **** OTHER INCOME ****   100000 GROSS       15000
      SPMNT            4700   LN SRC F AMOUNT EXEMPT        0 TAXES           0
01 X  SHELT   50000   29700   03  44 1   2500      0        0 NYS DIS         0
      WATER       0       0                 0      0     9000 WORK EXP     9000
 1 X  FUEL             7200                 0      0        0 EXMPT/HR30      0
18    OTHER    5000    5000      TOTAL NET      2500    20000 CH CARE         0
      OTHER       0       0      $$$$ PA GRANT $$$$$    17500 CH CARE         0
      OTHER       0       0      TOTAL NEEDS  102600        0 CH CARE         0
      TOTAL NEEDS    102600      TOTAL INC     29667    32333 30&1/3-$30      0
********* RECOUPMENT **********  CD / AMT   D  72900    78833 TOT DED      9000
TY BALANCE   %   MO   AMT  REM   RECOUPMENT    10260        0 UNAVAIL         0
 1   15000 10.0   1 10260  4740  UTIL/RES          0    21167 NET INC      6000
         0 00.0           0     0  SHELT/RES     29700
         0 00.0           0     0  RESTRICTED     7200  * EFFECTIVE DATE *
RECALC N   10.0   1 10260        CASH GRANT    25740    010190 TO 013190
FS CASE NO. F12345               SEMI   12870  12870   DATE STORED     /  /
```

Attachment 7

```
  WBGTFS   ** FS BUDGET **         VERSION         DISTRICT ALBA     12/28/89
 CASE NAME                 CASE NO.   OFC UNIT  WRKR  TT SD CT CE  # SH AD IT MR
 XXXXXXXXXXXXXXXXXXXXXXXXX SCRATCHPAD XXX XXXXX XXXXX 02    11  Y 07     X
I/TY      ACTUAL ALLOW    UNEARNED INCOME    EARNED  INCOME     ***** ADDL *****
    SHELT  50000  50000  LN SRC FRQ AMOUNT  LN SRC FRQ AMOUNT   ** EXCLUSIONS **
    WATER      0      0  03  44  1    2500  01  01  4  100000   BRD/LDG        0
 X  HT/AC      0  14200                  0  02  01  1   15000   NEG-FRM        0
    DISP       0      0                  0                  0   PSNL CR        0
    UTIL       0      0                  0      TOTAL  115000   SPONSOR        0
    PHONE      0      0      PA      51670                      TOTAL          0
    OTHER      0      0      PA          0         ********* DEDUCTIONS ********
    TOTAL SHELT   64200      TOTAL   54170         FRQ            ACTUAL   ALLOW
                                                    4  DEP CARE    20800   16000
$$ FS ALLOTMENT $$   *********** CLAIMS *********** 4  DEP CARE    20800   16000
TOTAL INC   169170   T DISQ BALANCE AMOUNT MO  REM     DEP CARE        0       0
ADDL EXCL        0                0      0       0     MEDICAL         0       0
TOTAL DED    78915                0      0             20% EARNED          23000
FS NET INC   90255   RECALC                            STANDARD            11200
CLAIM AMT        0    $ FS COUPON MIX $                EXC SHELT   12715   12715
$$$$ BENEFIT $$$$$    02 07 10 40 50 65                TOTAL DEDUCTIONS    78915
MONTHLY      25000    00 00 00 03 00 02                 ** EFFECTIVE DATE **
                                                        01/01/90 TO 01/31/90
                                                        DATE STORED   /  /
```

PAGE ONE

CENTER/OFFICE	APPLICATION DATE	UNIT	(UNIT) WORKER	DIST	CASE TYPE	SERV IND	CASE NUMBER	REGISTRY NUMBER	VERS

CASE NAME	DISTRICT	NO REUSE INDICATOR	SUFFIX	FS SUFFIX	CATEGORY	LANG	ETHNIC	

EFFECTIVE DATE	**DISPOSITION** ☐ DENIAL ☐☐☐ REASON CODE ☐ WITHDRAWAL	**EXTRA PAGES** ☐ SFED/T	SERVICES TRANSACTION TYPE ☐ NEW OPENING 02 ☐ REOPEN 10 ☐ RECERTIFICATION 05	SEPARATE DET CODE ☐ REASON CODE ☐☐☐	FORM C/

I CONSENT TO WITHDRAW MY APPLICATION

SIGNATURE____________________ DATE________

ELIGIBILITY DETERMINED BY (WORKER)	DATE	ELIGIBILITY APPROVED BY (SUPERVISOR)	DATE
SIGNATURE OF PERSON WHO OBTAINED ELIGIBILITY INFORMATION X ____________	DATE	EMPLOYED BY: ☐ PROVIDER AGENCY SPECIFY ________	☐ SOCIAL SERVICES DISTRICT

DSS-2921(NYC) (Rev. 6/89)

NEW YORK STATE DEPARTMENT OF SOCIAL SERVICES

APPLICATION FOR: PUBLIC ASSISTANCE - MEDICAL ASSISTANCE - FOOD STAMPS - SERVICES

PLEASE PRINT CLEARLY - DO NOT WRITE IN SHADED AREAS

APPLICANT'S NAME

FIRST NAME	M.I.	LAST NAME					MARITAL STATUS
HOUSE NO	ST ADDRESS	APT NO	CITY	COUNTY	STATE	ZIP CODE	
CARE OF NAME (Complete if you receive your mail in care of another person)				AREA CODE PHONE NO			PHONE B... AMT
MAILING ADDRESS (If different from above)		APT NO	CITY	COUNTY	STATE	ZIP CODE	
AGENCY HELPING APPLICANT APPLY	CONTACT PERSON			AREA CODE PHONE NO			
FORMER ADDRESS		APT NO	CITY	COUNTY	STATE	ZIP CODE	
HOW LONG HAVE YOU LIVED AT YOUR PRESENT ADDRESS?	YEARS	MONTHS	ANOTHER PHONE WHERE YOU CAN BE REACHED	NAME	AREA CODE	PHONE NO	

IF YOU ARE APPLYING FOR FOOD STAMPS

- You can file this application the same day you receive it; if eligible, benefits are provided back to the filing date of application.
- We must accept your application if, at a minumum, it contains your Name, Address (if you have one), and Signature in this box.
- You do not have to be interviewed before you file an application.
- If you are applying for both Public Assistance and Food Stamps, you will only be required to have a single interview for both programs.

APPLICANT/REPRESENTATIVE SIGNATURE X	DATE SIGNED

CHECK WHICH PROGRAMS YOU ARE APPLYING FOR: ☐ CASH ASSISTANCE ☐ MEDICAL ASSISTANCE 20 ☐ MEDICARE BUY-IN ☐ FOOD STAMPS ☐ SERVICES 40

NEED FOOD STAMPS RIGHT AWAY?...You may be eligible for EXPEDITED FOOD STAMP SERVICE.

If your household has little or no income, your rent and utility expenses are more than your income and liquid resources, or you do not have any place of your own in which to live, you may be eligible to receive Food Stamps within a few days. Your worker will review your circumstances to see if you are eligible for these benefits.

DO YOU HAVE ANY OF THESE PROBLEMS?

- ☐ FUEL OR UTILITY SHUTOFF
- ☐ PENDING EVICTION
- ☐ URGENT PERSONAL OR FAMILY PROBLEM
- ☐ RECENTLY LOST INCOME
- ☐ SERIOUS MEDICAL PROBLEM
- ☐ NO FOOD
- ☐ NO PLACE TO STAY/HOMELESS
- ☐ OTHER

IF THE HUSBAND/WIFE OF ANYONE APPLYING LIVES SOMEPLACE ELSE, PLEASE INDICATE BELOW (include name and date of birth even if deceased)

FIRST NAME	M.I.	LAST NAME	DATE OF BIRTH	SOCIAL SECURITY NO
ADDRESS	CITY	COUNTY	STATE	ZIP CODE

IF THE PARENT OF ANYONE UNDER 21 APPLYING LIVES SOMEPLACE ELSE, PLEASE INDICATE BELOW (Include name, date of birth and name of person under 21, even if parent is deceased)

PARENT'S NAME	ADDRESS	DATE OF BIRTH	SOCIAL SECURITY NO	NAME OF PERSON UNDER 21

PAGE TWO DSS-2921

LIST EVERYBODY WHO LIVES WITH YOU, EVEN IF THEY ARE NOT APPLYING. PLEASE PRINT.

LIST YOUR NAME FIRST (Middle Initial)					IS THIS PERSON APPLYING?					SEX			DOES THIS PERSON BUY FOOD AND/OR PREPARE MEALS WITH YOU?	
L N	Fi or Sufx	FIRST NAME	M.I.	LAST NAME	YES	NO	DATE OF BIRTH			M or F	RELATIONSHIP TO YOU	SOCIAL SECURITY NUMBERS OF APPLYING MEMBERS	YES	N
							MONTH	DAY	YEAR					
01											SELF			
02														
03														
04														
05														
06														
07														
08														
09														
10														

PLEASE LIST MAIDEN OR OTHER NAMES OF PEOPLE LISTED ABOVE	LnNo	ONC	FIRST NAME	M I	LAST NAME
	LnNo	ONC	FIRST NAME	M I	LAST NAME
	LnNo	ONC	FIRST NAME	M I	LAST NAME
	LnNo	ONC	FIRST NAME	M I	LAST NAME

INCOME

ANSWER ALL QUESTIONS LISTED BELOW.

INDICATE IF YOU OR ANYONE WHO LIVES WITH YOU RECEIVES MONEY FROM:	YES	NO	IF YES GIVE AMOUNT/VALUE	WHO	IF YES GIVE AMOUNT/VALUE	WHO
WAGES SALARY INCLUDING OVERTIME COMMISSIONS TRAINING PROGRAMS TIPS			$		$	
SELF EMPLOYMENT						
PUBLIC ASSISTANCE GRANT						
CHILD SUPPORT PAYMENTS (RECEIVED)						
UNEMPLOYMENT INSURANCE BENEFITS						
SUPPLEMENTAL SECURITY INCOME (SSI) BENEFITS						
SOCIAL SECURITY DISABILITY BENEFITS						
SOCIAL SECURITY DEPENDENT BENEFITS						
SOCIAL SECURITY SURVIVOR'S BENEFITS						
SOCIAL SECURITY RETIREMENT BENEFITS						
RAILROAD RETIREMENT BENEFITS						
RETIREMENT BENEFITS (PENSIONS)						
VETERAN'S PENSIONS OR BENEFITS						
GI DEPENDENCY ALLOTMENTS						
NYS DISABILITY BENEFITS						
PRIVATE DISABILITY INSURANCE-HEALTH/ACCIDENT INSURANCE POLICY INCOME						
WORKER'S COMPENSATION						
EDUCATION GRANTS OR LOANS						
UNION BENEFITS (INCLUDING STRIKE BENEFITS)						
RENTAL INCOME (RECEIVED)						
BOARDERS/LODGERS INCOME (RECEIVED)						
CONTRIBUTIONS/GIFTS (RECEIVED)						
LOANS (RECEIVED)						
ALIMONY/SUPPORT (RECEIVED)						
NO FAULT INSURANCE BENEFITS						
DIVIDENDS/INTEREST FROM STOCKS, BONDS, SAVINGS, ETC.						
OTHER INCOME *(Please Specify)*						

DO NOT SIGN UNTIL YOU READ AND UNDERSTAND THE CERTIFICATION BELOW.
IF YOU HAVE QUESTIONS, SEE THE "HOW TO COMPLETE THE APPLICATION" INSTRUCTIONS.

LN	SIGNATURES	DATE SIGNED			CHECK ONE FOR EACH PERSON		ALIEN NUMBER (If Known)
		MO	DAY	YEAR			
01	SIGN NAME X				☐ CITIZEN/ NATIONAL	☐ ALIEN	
02	SIGN NAME X				☐ CITIZEN/ NATIONAL	☐ ALIEN	
03	SIGN NAME X				☐ CITIZEN/ NATIONAL	☐ ALIEN	
04	SIGN NAME X				☐ CITIZEN/ NATIONAL	☐ ALIEN	
05	SIGN NAME X				☐ CITIZEN/ NATIONAL	☐ ALIEN	
06	SIGN NAME X				☐ CITIZEN/ NATIONAL	☐ ALIEN	
07	SIGN NAME X				☐ CITIZEN/ NATIONAL	☐ ALIEN	
08	SIGN NAME X				☐ CITIZEN/ NATIONAL	☐ ALIEN	
09	SIGN NAME X				☐ CITIZEN/ NATIONAL	☐ ALIEN	
10	SIGN NAME X				☐ CITIZEN/ NATIONAL	☐ ALIEN	

I WITNESSED THE MARKS MADE IN LINES ____________________

SIGNATURE OF WITNESS

DATE SIGNED

CERTIFICATION OF CITIZENSHIP / ALIEN STATUS

I CERTIFY, UNDER THE PENALTY OF PERJURY, BY SIGNING MY NAME ABOVE, THAT I AND/OR THE PERSONS FOR WHOM I AM SIGNING AM A UNITED STATES CITIZEN OR NATIONAL OF THE UNITED STATES OR AN ALIEN WITH SATISFACTORY IMMIGRATION STATUS. I UNDERSTAND THAT INFORMATION ABOUT ME WILL BE SUBMITTED TO THE IMMIGRATION AND NATURALIZATION SERVICE FOR VERIFICATION OF MY IMMIGRATION STATUS, IF APPLICABLE. I FURTHER UNDERSTAND THAT THE USE OR DISCLOSURE OF INFORMATION ABOUT ME IS RESTRICTED TO PERSONS AND ORGANIZATIONS DIRECTLY CONNECTED WITH THE VERIFICATION OF IMMIGRATION STATUS AND THE ADMINISTRATION OR ENFORCEMENT OF THE PROVISIONS OF THE PUBLIC ASSISTANCE, MEDICAL ASSISTANCE AND FOOD STAMPS PROGRAMS.

After you read this certification, sign above in the space(s) provided. If an applicant cannot sign his or her name, the applicant must make his or her mark ("X") in the space provided. The mark must be made in front of a witness. The witness should sign in the witness space provided above.

IS ANYONE IN YOUR HOUSEHOLD AN ALIEN WHO WAS SPONSORED FOR ADMISSION INTO THE U.S. WITHIN THE PAST THREE YEARS? YES ☐ NO ☐

WHAT IS THE NAME OF THE SPONSOR OR SPONSORING ORGANIZATION?

RESOURCES — **ANSWER ALL QUESTIONS LISTED BELOW.**

INDICATE IF YOU OR ANYONE WHO LIVES WITH YOU WHO IS APPLYING	YES	NO	IF YES, GIVE AMOUNT/VALUE	WHO	IF YES, GIVE AMOUNT/VALUE	WHO
HAS CASH ON HAND			$		$	
HAS A CHECKING ACCOUNT(S)						
HAS A SAVINGS ACCOUNT(S)						
HAS A CREDIT UNION ACCOUNT(S)						
HAS AN "IN TRUST" OR P.A.S.S. ACCOUNT(S)						
HAS SAVINGS BONDS						
HAS STOCKS, BONDS, OR CERTIFICATES						
HAS LIFE INSURANCE						
HAS A BURIAL TRUST/BURIAL FUND						
HAS A BURIAL SPACE						
HAS AN IRA, KEOGH, 401 K OR DEFERRED COMPENSATION ACCOUNT(S)						
HAS AN ANNUITY						
IS NAMED THE BENEFICIARY OF A TRUST						
EXPECTS TO RECEIVE A TRUST FUND, LAWSUIT SETTLEMENT, INHERITANCE OR INCOME FROM ANY OTHER SOURCES						
IS ELIGIBLE FOR AN INCOME TAX REFUND						
HAS A SAFE DEPOSIT BOX						
HAS REAL ESTATE, INCLUDING OWN HOME, INCOME PRODUCING AND NON-INCOME PRODUCING PROPERTY						
HAS A MOTOR VEHICLE YEAR ________ MAKE ________ MODEL ________ OTHER VEHICLE(S) (Specify) ________						
HAS RESOURCES OTHER THAN THOSE LISTED ABOVE						
HAS ANYONE SOLD/TRANSFERRED/GIVEN AWAY ANY CASH, REAL ESTATE OR PERSONAL PROPERTY IN THE PAST 30 MONTHS? IF YES, WHEN? ________						

ANSWER ALL QUESTIONS LISTED BELOW.

SHELTER (HOUSING) EXPENSES	YES	NO	IF YES GIVE AMOUNT
DO YOU (OR ANYONE WHO LIVES WITH YOU) HAVE A RENT, MORTGAGE OR OTHER SHELTER EXPENSE ?			$
DO YOU (OR ANYONE WHO LIVES WITH YOU) HAVE A HEAT BILL SEPARATE FROM YOUR RENT ?			
DO YOU (OR ANYONE WHO LIVES WITH YOU) HAVE THE FOLLOWING EXPENSES SEPARATE FROM YOUR RENT ?			
• ELECTRICITY			
• GAS			
• OTHER UTILITIES (WATER ETC.)			
• TELEPHONE			
• AIR CONDITIONING			
• UTILITY/TELEPHONE INSTALLATION FEES			
DOES ANYONE OUTSIDE THE HOUSEHOLD PAY ANY OF THE EXPENSES OF THE HOUSEHOLD ?			
DOES ANY GROUP OR ORGANIZATION PAY ANY OF THE EXPENSES OF THE HOUSEHOLD (INCLUDING SUBSIDIZED HOUSING) ?			

HEALTH / MEDICAL

INDICATE IF YOU OR ANYONE WHO LIVES WITH YOU WHO IS APPLYING	YES	NO	IF YES WHO
HAS ANY MEDICAL BILLS OR MEDICALLY RELATED EXPENSES			
HAS PAID OR UNPAID MEDICAL BILLS FOR THE THREE MONTHS PRECEDING THE MONTH OF THIS APPLICATION			
HAS HEALTH OR HOSPITAL/ACCIDENT INSURANCE			
HAS MEDICARE (RED WHITE AND BLUE CARD)			
HAS A HEALTH ATTENDANT			
IS BLIND, SICK OR DISABLED			
IS A HANDICAPPED CHILD			
IS IN A HOSPITAL NURSING HOME OR OTHER MEDICAL INSTITUTION			
IS PREGNANT			
IS DRUG OR ALCOHOL DEPENDENT			
RECEIVES TREATMENT FROM DRUG ABUSE OR ALCOHOL TREATMENT PROGRAM			

OTHER EXPENSES

INDICATE IF YOU OR ANYONE WHO LIVES WITH YOU WHO IS APPLYING	YES	NO	IF YES GIVE AMOUNT
PAYS TUITION AND FEES			$
HAS CHILD OR DEPENDENT CARE EXPENSES			
PAYS CHILD SUPPORT OR ALIMONY			
HAS ADDITIONAL EXPENSES SPECIFY ______			
BUYS OR PLANS TO BUY MEALS FROM A HOME DELIVERY OR COMMUNAL DINING SERVICE			
ARE YOU ABLE TO PREPARE MEALS AT HOME?			

I HAVE ☐ **HAVE NOT** ☐ SOLD, TRANSFERRED OR GIVEN AWAY ANY OF MY PROPERTY TO ANYONE TO GET PUBLIC ASSISTANCE, MEDICAL ASSISTANCE OR FOOD STAMPS

EMPLOYMENT / TRAINING

INDICATE IF YOU OR ANYONE WHO LIVES WITH YOU WHO IS APPLYING	YES	NO	IF YES WHO
IS PARTICIPATING IN A STRIKE			
IS 16 YEARS OF AGE OR OLDER AND IS ATTENDING SCHOOL, COLLEGE OR A TRAINING PROGRAM			
IS A MIGRANT OR SEASONAL FARM WORKER			

ADDITIONAL INFORMATION REQUIRED	YES	NO	IF YES WHO
HAVE YOU OR ANYONE WHO LIVES WITH YOU WHO IS APPLYING MOVED INTO NEW YORK STATE WITHIN THE PAST TWELVE MONTHS ?			
HAVE YOU OR ANYONE WHO LIVES WITH YOU WHO IS APPLYING MOVED INTO THE COUNTY FROM ANOTHER COUNTY WITHIN THE PAST TWO MONTHS ?			
DOES THE STEP PARENT OF ANY CHILDREN WHO LIVE WITH YOU HAVE ANY RESOURCES OR RECEIVE INCOME OF ANY KIND ?			
ARE YOU OR ANYONE WHO LIVES WITH YOU A U.S. ARMED FORCES VETERAN OR WIDOW, SPOUSE, CHILD OR MOTHER OF A U.S. VETERAN ?			
HAVE YOU OR ANYONE WHO LIVES WITH YOU RECEIVED BENEFITS FOR WHICH THEY WERE NOT ENTITLED WHICH HAVE NOT BEEN FULLY REPAID TO THIS OR ANOTHER AGENCY ?			
HAVE YOU OR ANYONE WHO LIVES WITH YOU EVER BEEN FOUND GUILTY OF AND/OR BEEN DISQUALIFIED FOR FOOD STAMP FRAUD INTENTIONAL PROGRAM VIOLATION ?			
DO YOU OR DOES ANYONE WHO LIVES WITH YOU **NOW** RECEIVE ANY TYPE OF ASSISTANCE OR SERVICES IN NEW YORK CITY OR OUTSIDE OF NEW YORK STATE ?			
HAVE YOU OR ANYONE WHO LIVES WITH YOU **APPLIED FOR** OR RECEIVED ANY TYPE OF ASSISTANCE OR SERVICES IN NEW YORK CITY OR OUTSIDE OF NEW YORK STATE IN THE PAST SIX MONTHS ?			

LN	TYPE OF ASSISTANCE	WHERE	DATE OF LAST ASSISTANCE

NON-DISCRIMINATION NOTICE

This application will be considered without regard to race, color, sex, handicaps, religious creed, national origin or political beliefs

RACE / ETHNIC AFFILIATION FOR APPLICANT ONLY

(Completion is optional. However, if not completed, the interviewer may have to record it by observation. This information is being collected only to be sure that everyone receives food stamps and/or assistance/care on a fair basis. This information will not affect your eligibility.)

I AM (CHECK ONLY ONE)

B ☐ Black not of Hispanic origin

H ☐ Hispanic

A ☐ Asian or Pacific Islander

I ☐ American Indian or Alaskan Native

W ☐ White not of Hispanic origin

*BE SURE TO **READ AND SIGN** THIS APPLICATION ON PAGE SIX.*

DSS-2921 (NYC)

DO NOT WRITE ON THIS PAGE.

L N	INDICATE PROGRAM(s) INDIVIDUAL APPLYING FOR ENTER Y or N			CLIENT IDENTIFICATION NUMBER	REL CODE	SSN	SFUI	MS CODE	SI CODE	LA CODE	EM CODE	CI CODE	EL CODE	DOCUMENTATION
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ANTICIPATED FUTURE ACTION

Line No	CODE	DATE		

SERVICE ELIGIBILITY PROCESS CODE

	SFUI	CODE		SFUI	CODE	
	SFUI	CODE		SFUI	CODE	

RELATED CASE NUMBERS

CASE TYPE	
CASE TYPE	
CASE TYPE	

INCOME

Ln No	SOURCE CODE	AMOUNT	[illegible]

SUPPORT - Any person making application for or those in receipt of ADC or foster care services shall know that such application for or receipt of ADC or foster care services shall operate as an assignment to the State and the Social Services district concerned, of any rights to support from any other person, as such applicant or recipient may have in his own behalf or in behalf of any other family member for whom the applicant or recipient is applying for or receiving assistance. (Social Services Law 348)

SOCIAL SECURITY NUMBER - A person making application for Public Assistance, for Medical Assistance or for Food Stamps shall disclose the social security number of any person for whom Public Assistance or Medical Assistance or Food Stamps is requested, except when the individual is an alien seeking MA-only for the treatment of an emergency medical condition. Such disclosure is mandatory for Public Assistance under the authority of Section 351.2 of Title 18 of the Official Compilation of Codes, Rules and Regulations of the State of New York (18NYCRR) and 42 USC 602(a) (25), for Medical Assistance under the authority of 18NYCRR Sections 351.2 and 360-1.2 of Title 18 of the Official Compilation of Codes, Rules and Regulations of the State of New York and 42 USC 1320b-7 and for Food Stamps under the authority of Section 1327 of the Public Law 97-98 and 7 CFR 273.2. Social Security numbers are used to provide proper identification of applicants for and recipients of Public Assistance, Medical Assistance and Food Stamps and to verify income, eligibility and benefit amounts. We will also be using your social security number to match with IRS unearned income data and with the New York State Department of Labor for earned income data.

CONSENT - I understand that by signing this application/certification form I agree to any investigation made by the Department of Social Services to verify or confirm the information I have given or any other investigation made by them in connection with my request for Public Assistance, Medical Assistance, Services or Food Stamps. If additional information is requested, I will provide it. I will also co-operate fully with State and Federal personnel in a Food Stamp Quality Control Review.

CHANGES - I agree to inform the agency **promptly** of any change in my needs, income, property, living arrangements or address to the best of my knowledge or belief.

ASSIGNMENT OF INSURANCE AND OTHER BENEFITS - I will file any claims for health or accident insurance benefits or any other resources to which I am entitled, and do hereby assign any such resources to the Social Services official to whom this application is made. In addition, I will assist in making any required assignment of benefits or resources to the Social Services official to whom this application is made.

DIRECT PAYMENT - I authorize the payment to me or members of my household for health or accident insurance benefits be made directly to the appropriate Social Services official for medical and other health services furnished while we are eligible for Medical Assistance.

MEDICARE - I authorize payments under "Medicare" (Part B of Title XVIII, Supplementary Medical Insurance Program) to be made directly to physicians and medical suppliers on any future unpaid bills for medical and other health services furnished to me while I am eligible for Medical Assistance.

PENALTIES - I understand that my application may be investigated, and I agree to cooperate in such an investigation. Federal and State law provide for penalties of fine, imprisonment or both if you do not tell the truth when you apply for Public Assistance and/or Medicaid benefits or at any time when you are questioned about your eligibility, or cause someone else not to tell the truth regarding your application or your continuing eligibility. Penalties also apply if you conceal or fail to disclose facts regarding your initial and continuing eligibility for Public Assistance and/or Medicaid or if you conceal or fail to disclose facts that would affect the right of someone for whom you have applied to obtain or continue to receive Public Assistance and/or Medicaid benefits; and such benefits must be used for that other person and not for yourself.

Federal and State law provide that any transfer of a resource for less than fair market value made within or after the thirty months immediately preceding the date the individual becomes institutionalized, or the date of application for Medical Assistance as an institutionalized person, if later, may render the individual ineligible for nursing facility services for up to thirty months. This provision applies only to transfers made on or after October 1, 1989.

WIN/WORK RULES ENROLLMENT - If this application is accepted for the ADC or HR programs, I understand and agree that by signing it, I and all members of my household are enrolled in either the Work Incentive (WIN) or Work Rules programs, in accordance with the current operation of the local social services district approving this application, and if I and/or any member of my household are found to be employable, we may be required to register for active participation in job services, educational programs, training, employment, and/or other employment related activities.

FOOD STAMP PENALTY WARNING - THE INFORMATION PROVIDED ON THIS FORM WILL BE SUBJECT TO VERIFICATION BY FEDERAL, STATE AND LOCAL OFFICIALS. IF ANY IS FOUND INACCURATE, YOU MAY BE DENIED FOOD STAMPS AND/OR BE SUBJECT TO CRIMINAL PROSECUTION FOR KNOWINGLY PROVIDING FALSE INFORMATION.

ANY MEMBER OF YOUR HOUSEHOLD WHO INTENTIONALLY BREAKS ANY OF THE FOLLOWING RULES CAN BE BARRED FROM THE FOOD STAMP PROGRAM FOR 6 MONTHS AFTER THE FIRST VIOLATION, 12 MONTHS AFTER THE SECOND VIOLATION, AND PERMANENTLY AFTER THE THIRD VIOLATION. THE INDIVIDUAL CAN BE FINED UP TO $10,000, IMPRISONED UP TO 5 YEARS, OR BOTH. A COURT CAN ALSO BAR AN INDIVIDUAL FOR AN ADDITIONAL 18 MONTHS FROM THE FOOD STAMP PROGRAM. THE INDIVIDUAL MAY ALSO BE SUBJECT TO FURTHER PROSECUTION UNDER OTHER APPLICABLE FEDERAL LAWS.

DO NOT give false information or hide information to get or continue to get food stamps. **DO NOT** trade or sell food stamps or authorization cards. **DO NOT** alter authorization cards to get food stamps you're not entitled to receive. **DO NOT** use food stamps to buy ineligible items, such as alcoholic drinks and tobacco. **DO NOT** use someone else's food stamps or authorization cards for your household.

In signing this application, I certify, under penalty of perjury, that the information contained in this application is correct and complete to the best of my knowledge.

CERTIFICATION - In signing this application, I swear and affirm that the information I have given or have been requested to give to the Department of Social Services as a basis for Public Assistance or care or for Medical Assistance or for Services or for Food Stamps is true and correct. I understand that upon receipt of medical assistance, a claim may be filed against my property, after my death if I was 65 years or older when I received medical assistance and at the time of my death I have no living spouse or children who are certified blind, certified disabled, or under 21 years of age. I further understand that a recovery or adjustment may be made out of my estate, for any medical assistance paid on my behalf while I am 65 years of age or older, if at the time of such recovery or adjustment I have no surviving spouse, and no surviving child who is under 21 years of age or is blind or permanently and totally disabled. I also understand that medical assistance paid on my behalf may be recovered from persons having legal responsibility for my support at the time medical services are obtained.

Authorization for Reimbursement of Interim Assistance Granted Pending an Initial SSI Eligibility Determination

I, the undersigned, authorize the Secretary of the United States Department of Health and Human Services to send my initial payment of supplemental security income (SSI) benefits to the local social services district.

I further authorize the local social services district to deduct from my initial payment an amount equal to the sum of all Public Assistance benefits (not including assistance payments financed wholly or partly with Federal funds) made to, or on behalf of, me by local social services district beginning with the date on which my SSI eligibility begins and ending with the month my SSI payments begin or the following month if the local social services district cannot stop delivery of the final Public Assistance payment during the month my SSI payments begin.

I understand that after making the above deductions from my initial payment, the local social services district shall pay to me the balance, if any, no later than 10 working days from the date they receive my initial SSI payment.

I further understand that I have the right to a fair hearing before the New York State Department of Social Services if I feel that the amount deducted from my initial SSI payment is more than the amount of Public Assistance benefits paid to, or on behalf of, me.

I further understand that this signed authorization is effective for one (1) year from the date it is received by the local social services district and that it will cease to have effect at the end of one (1) year unless I file for SSI on or before that time, or my SSI case is completely decided or the State and I mutually agree to terminate this authorization.

I further understand that, when received by the local social services district, this signed authorization form means that I want to file for SSI benefits as long as I file an SSI application within 60 days from the date that this signed authorization is received by the local social services district. I further understand that, if I am found eligible for SSI benefits by the Social Security Administration, my eligibility for SSI can begin as early as the date that the local social services district received this signed authorization.

I further understand that my signature below indicates that I authorize the recovery of interim assistance for either initial or initial post-eligibility SSI payments.

APPLICANT/REPRESENTATIVE SIGNATURE	DATE SIGNED	HUSBAND/WIFE OR PROTECTIVE REPRESENTATIVE	DATE SIGNED
X		X	

FOOD STAMP AUTHORIZED REPRESENTATIVE - You can authorize someone who knows your household circumstances to apply for food stamps for you. If you do, have them sign in Section 19 above. You can also authorize someone outside your household to get food stamps for you or to use them to buy food for you. If you would like to authorize someone, write the person's name below.

NAME OF AUTHORIZED REPRESENTATIVE	ADDRESS	TELEPHONE

STATEMENT OF HARLEY M. GRIFFITHS
COMMISSIONER
NEW YORK STATE DEPARTMENT OF AGRICULTURE AND MARKETS

SUBCOMMITTEE ON DOMESTIC MARKETING, CONSUMER RELATIONS, AND NUTRITION, HOUSE AGRICULTURE COMMITTEE

NEW YORK CITY TERMINAL MARKET, BRONX, N.Y.
DECEMBER 8, 1989

GOOD MORNING. MY NAME IS HARLEY M. GRIFFITHS, I AM DEPUTY COMMISSIONER FOR THE NEW YORK STATE DEPARTMENT OF AGRICULTURE AND MARKETS. ON BEHALF OF COMMISSIONER RICHARD T. MCGUIRE, I WOULD LIKE TO THANK BOTH CONGRESSMAN DE LA GARZA AND CONGRESSMAN HATCHER FOR INVITING ME TO TESTIFY AT THIS IMPORTANT FIELD HEARING, AND FOR HOLDING THE HEARING IN NEW YORK STATE. OUR DEPARTMENT HAS MANY FRIENDS IN BOTH TEXAS AND GEORGIA AND WE HOPE YOU FIND SOME ADDITIONAL ONES OF YOUR OWN HERE TODAY IN NEW YORK CITY. JUST REMEMBER THAT THE "BIG APPLE" IS REALLY A NEW YORK STATE AGRICULTURAL PRODUCT!

NEW YORK RESIDENTS ARE AMONG THE LARGEST BENEFICIARIES OF FEDERAL NUTRITION ASSISTANCE PROGRAMS SUCH AS FOOD STAMPS, WIC, DONATED COMMODITIES, AND SCHOOL LUNCH AND BREAKFAST, AND WE APPRECIATE YOUR PROVIDING AN OPPORTUNITY FOR ORGANIZATIONS AND INDIVIDUALS CONCERNED WITH THESE PROGRAMS TO CONTRIBUTE THEIR VIEWS AS PART OF YOUR DEVELOPMENT PROCESS FOR THE 1990 FARM BILL.

AS YOU WELL KNOW, NEW YORK STATE IS NOT ONLY AN URBAN STATE, IT IS A RURAL ONE AS WELL, WITH A LARGE RURAL POPULATION AND AN IMPORTANT AGRICULTURAL INDUSTRY. OUR 40,000 FARMS PRODUCE A WIDE ARRAY OF FOOD AND AGRICULTURAL PRODUCTS, INCLUDING DAIRY AND LIVESTOCK PRODUCTS, FIELD CROPS, FRUITS AND VEGETABLES, POULTRY AND EGGS, WINE AND GRAPES, AND NURSERY AND OTHER HORTICULTURAL CROPS. WE RANK HIGH ON THE LIST OF STATES IN MANY OF THESE PRODUCTS. LARGE VOLUMES OF OUR FRUITS AND VEGETABLES -- APPLES, CABBAGE, SWEET CORN, CAULIFLOWER, POTATOES, ONIONS, AND WINE

GRAPES, TO NAME A FEW -- ARE MARKETED RIGHT HERE AT THE HUNTS POINT TERMINAL MARKET.

OUR DEPARTMENT IS CHARGED WITH ASSISTING NEW YORK'S STATEWIDE AGRICULTURAL INDUSTRY, AS WELL AS PROTECTING THE SAFETY AND QUALITY OF THE FOOD SUPPLY FOR 18 MILLION CONSUMERS. IN BOTH OF THESE AREAS WE COLLABORATE CLOSELY WITH THE FEDERAL GOVERNMENT -- PARTICULARLY THE USDA AND THE FDA -- WHERE FEDERAL PROGRAMS INTERSECT AND SUPPORT OUR SPECIFIC MISSION AND ACTIVITIES.

AT PRESENT, WE DO NOT ADMINISTER ANY OF THE MAJOR FEDERAL FOOD ASSISTANCE PROGRAMS SUCH AS FOOD STAMPS AND DONATED COMMODITIES, VARIOUS ELEMENTS OF WHICH ARE ADMINISTERED BY OTHER NEW YORK STATE AND LOCAL AGENCIES. HOWEVER, WE HAVE AN INTEREST IN THESE IMPORTANT PROGRAMS BECAUSE THEY ADDRESS THE NUTRITIONAL NEEDS OF HUNDREDS OF THOUSANDS OF LOW-INCOME URBAN AND RURAL NEW YORKERS, AND IMPACT SIGNIFICANTLY ON OUR STATE'S FOOD INDUSTRY AS WELL.

IT IS NOT WITHIN OUR AREA OF EXPERTISE TO COMMENT ON THE CONSUMER AND NUTRITIONAL SIDES OF FOOD ASSISTANCE PROGRAMS, INCLUDING THE LEVELS OF FUNDING REQUIRED TO MAINTAIN PROPER NUTRITION AMONG THOSE NEW YORK RESIDENTS WITH INADEQUATE DIETS. HOWEVER, WE ARE VERY INTERESTED IN THE WAYS THESE PROGRAMS CAN BE STRUCTURED TO PROVIDE IMPORTANT BENEFITS TO OUR STATE'S AGRICULTURAL PRODUCERS AS WELL AS TO CONSUMERS AND FOOD RETAILERS.

NEW YORK STATE IS CURRENTLY A PARTICIPANT IN A NEW, INNOVATIVE FEDERAL PROGRAM, THE FARMERS MARKET COUPON DEMONSTRATION PROJECT, UNDER WHICH SPECIAL COUPONS ARE ISSUED TO NUTRITIONALLY AT-RISK FAMILIES PARTICIPATING IN THE WIC (WOMEN, INFANTS, CHILDREN) PROGRAM TO ENCOURAGE THEM TO SHOP FOR LOCALLY GROWN FRESH FRUITS AND VEGETABLES AT RETAIL FARMERS MARKETS IN THEIR COMMUNITY.

NEW YORK STATE'S COUPON PROGRAM, WHICH IS A STATEWIDE EXPANSION OF A PILOT PROJECT ESTABLISHED IN 1988 BY GOVERNOR CUOMO, IS ONE OF ONLY TEN IN THE U.S. CHOSEN BY THE USDA TO RECEIVE 3-YEAR MATCHING GRANT FUNDS AUTHORIZED BY THE CONGRESS UNDER THE HUNGER RELIEF ACT OF 1988. UNDER THIS YEAR'S PROGRAM, MORE THAN 40,000 WIC FAMILIES ACROSS THE STATE RECEIVED $20 PER FAMILY IN COUPONS AS AN INDUCEMENT TO DISCOVER THE NUTRITIONAL BENEFITS OF CONSUMING MORE LOCALLY GROWN FRESH FRUITS AND VEGETABLES SOLD AT COMMUNITY FARMERS MARKETS. THE FAMILIES SPENT THE COUPONS DURING JULY, AUGUST, SEPTEMBER, AND OCTOBER AT 46 OPEN-AIR RETAIL MARKETS IN 32 CITIES ACROSS THE STATE ON PRODUCE GROWN AND SOLD BY NEARLY 500 NEW YORK STATE FARMERS. EIGHT OF THESE 46 FARMERS MARKETS WERE LOCATED HERE IN NEW YORK CITY - IN HARLEM, WASHINGTON HEIGHTS, DOWNTOWN BROOKLYN, THE LOWER EAST SIDE, THE UPPER WEST SIDE, JAMAICA (QUEENS), CLINTON, AND HERE IN THE BRONX.

THE EXPANDED COUPON PROGRAM WAS HIGHLY SUCCESSFUL IN PROVIDING IMPORTANT NUTRITIONAL BENEFITS TO NEEDY CONSUMERS WHILE SIMULTANEOUSLY INCREASING FARMERS' INCOMES. NEARLY 70% OF THE MORE THAN 900,000 $1 COUPONS WE ISSUED WERE REDEEMED, A VERY SATISFACTORY RATE WHEN CONSIDERING THE LIMITED DAYS AND HOURS FARMERS MARKETS TYPICALLY OPERATE. NOT ONLY DID A LARGE PROPORTION OF WIC FAMILIES VISIT A MARKET TO SHOP FOR LOCAL PRODUCE FOR THE VERY FIRST TIME, THEY CONTINUED TO SHOP REGULARLY AT THE MARKETS AFTER THEIR ALLOTTMENT OF COUPONS WAS EXPENDED. AS A RESULT, 500 FARMERS' SALES INCREASED BY AN AVERAGE OF 25%, WITH MANY FARMERS EXPERIENCING A 50% INCREASE. FINALLY, ENROLLMENT IN THE REGULAR WIC PROGRAM INCREASED AS A RESULT OF THE POPULARITY OF THE

COUPONS, AN IMPORTANT ACHIEVEMENT IN ITSELF THAT HAS BEEN SOUGHT BY OUR STATE HEALTH DEPARTMENT. STATE AND LOCAL WIC OFFICIALS WITH WHOM WE HAVE COLLABORATED CLOSELY IN ADMINISTERING THE PROGRAM ARE VERY PLEASED WITH ITS RESULTS, AS ARE THE MANY COUNTY COOPER-ATIVE EXTENSION NUTRITIONISTS WHOSE NUTRITION EDUCATION PROGRAM ENROLLMENTS ALSO INCREASED AS A RESULT OF THEIR PARTICIPATION IN SUPPORT OF THE PROGRAM. THIS IS A "WIN-WIN" PROGRAM EVEN FOR THE OFFICIALS WHO ADMINISTER IT!

THE COUPON PROGRAM IS AN UNUSUAL EXAMPLE OF A CATALYTIC FEDERAL NUTRITION ASSISTANCE PROGRAM WHICH SPECIFICALLY TARGETS LOCALLY GROWN, FARM FRESH FOODS AND PROVIDES DIRECT BENEFITS TO FARMERS AND WELL AS ELIGIBLE RECIPIENTS. BECAUSE OF ITS COST-EFFECTIVE APPROACH, AND ITS POSITIVE IMPACT ON BOTH DIETARY PRACTICES AND LOCAL FARM ECONOMIES WHEREVER IT IS IMPLEMENTED, WE URGE THIS COMMITTEE TO EXTEND AND EXPAND THIS UNIQUE PROGRAM SO THAT STATES OTHER THAN THOSE FUNDED UNDER THE PILOT PROJECT CAN PARTICIPATE - AND SO THAT NEW YORK STATE CAN EXPAND ITS PROGRAM TO BENEFIT ADDITIONAL FARMERS AND CONSUMERS IN CITIES YET UNSERVED. FURTHERMORE, WE RECOMMEND THAT CONGRESS TARGET ADDITIONAL NUTRITION EDUCATION RESOURCES TO THIS PROGRAM TO ALLOW STATE DEPARTMENTS OF AGRICULTURE TO ENSURE THE PROGRAM'S LASTING IMPACT ON WIC FAMILIES' DIETARY HABITS.

THE SAME SUCCESSFUL CONSUMER-TO-FARMER CONCEPT INHERENT IN THE FARMERS MARKET COUPON PROGRAM CAN BE EXTENDED TO OTHER MAJOR FEDERAL NUTRITION ASSISTANCE PROGRAMS FOR THE BENEFIT OF BOTH GROUPS. FOR EXAMPLE, RELATIVELY FEW OF THE TENS OF THOUSANDS OF U.S. FARMERS WHO SELL THEIR PRODUCTS DIRECTLY TO CONSUMERS ARE ENROLLED IN THE FOOD STAMP PROGRAM, BECAUSE THE PROGRAM

LITERATURE, FORMS, AND PROCEDURES ARE GEARED TO RETAIL FOOD STORES. AT OUR DEPARTMENT'S REQUEST, THE NORTHEAST REGIONAL OFFICE OF THE USDA HAS ENCOURAGED NEW YORK STATE FEDERAL FIELD OFFICES TO EXPEDITE AUTHORIZATION OF FARMERS, SO THAT WIC FAMILIES WHO HAVE EXPENDED THEIR FARMERS MARKET COUPONS, AS WELL AS OTHER LOW-INCOME FAMILIES, CAN USE FOOD STAMPS IN ADDITION TO CASH AT FARMERS MARKETS AND OTHER DIRECT FARM OUTLETS ON A YEAR-ROUND BASIS. WE ARE CURRENTLY ENCOURAGING FARMERS IN THE COUPON PROGRAM TO ALSO ENROLL IN THE FOOD STAMP PROGRAM. BUT THE USDA NEEDS TO DEVELOP SPECIALIZED FOOD STAMP PROGRAM MATERIALS AND PROCEDURES GEARED TO FARMERS, SUCH AS APPROPRIATE BROCHURES, APPLICATION FORMS, AND SIGNS IF THIS INITIATIVE IS TO REALIZE ITS FULL POTENTIAL.

WE URGE THIS COMMITTEE TO ENCOURAGE THE DEVELOPMENT OF THESE FARMER-ORIENTED PROCEDURES AND MATERIALS BY THE USDA AS A REGULAR ELEMENT OF THE FOOD STAMP PROGRAM. WE BELIEVE THAT THIS CONCEPT WOULD BENEFIT LARGE NUMBERS OF CONSUMERS AND FAMILY FARMERS THROUGHOUT THE U.S. BY PROVIDING NEW AND SIGNIFICANT MARKETING OPPORTUNITIES FOR LOCALLY GROWN FARM PRODUCTS, AND WOULD ENHANCE BOTH THE OPERATION AND THE IMAGE OF THE FOOD STAMP PROGRAM ITSELF BY PROMOTING THE USE OF FOOD STAMPS FOR THE STAPLE, NUTRITIOUS FOODS SOLD DIRECTLY BY FARMERS IN EVERY STATE.

YOU MAY RECALL THAT THE FOOD STAMP PROGRAM WAS ORIGINALLY ESTABLISHED AS A RURAL-URBAN ECONOMIC PARTNERSHIP. PROMOTING AND FACILITATING DIRECT FARMER-TO-CONSUMER EXCHANGE THROUGH THE FOOD STAMP AND OTHER FEDERAL FOOD ASSISTANCE PROGRAMS WILL HELP TO MAINTAIN THIS SPECIAL SENSE OF ECONOMIC AND SOCIAL COOPERATION THAT IS ONE OF OUR NATION'S LASTING STRENGTHS.

IT HAS BEEN A HONOR AND A PRIVILEGE TO APPEAR TODAY BEFORE THIS COMMITTEE. AGAIN MY SINCERE THANKS TO CONGRESSMAN DE LA GARZA AND CONGRESSMAN HATCHER FOR ARRANGING THIS IMPORTANT HEARING, AND TO THE CITY OF NEW YORK AND THE HUNTS POINT TERMINAL PRODUCE COOPERATIVE FOR BEING GRACIOUS HOSTS HERE AT NEW YORK STATE'S LARGEST WHOLESALE FOOD MARKET.

THANK YOU ALL VERY MUCH. YOU ARE ALWAYS MOST WELCOME HERE IN NEW YORK STATE.

TESTIMONY OF

SOLOMON MALACH

GENERAL COUNSEL

NEW YORK CITY

HUMAN RESOURCES ADMINISTRATION

GOOD MORNING. MY NAME IS SOLOMON MALACH, GENERAL COUNSEL OF THE NEW YORK CITY HUMAN RESOURCES ADMINISTRATION. THANK YOU FOR THE OPPORTUNITY TO SPEAK THIS MORNING IN SUPPORT OF PERMANENTLY EXTENDING THE PROVISIONS OF SECTION 807(B) OF THE STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT. WE WILL BE SUBMITTING WRITTEN TESTIMONY ON THE WHOLE QUESTION OF FOOD STAMP RE-AUTHORIZATION, BUT TODAY I AM LIMITING MY ORAL PRESENTATION TO ENHANCED FOOD STAMP ALLOTMENTS FOR HOMELESS FAMILIES RESIDING IN HOTELS OR SHELTERS.

I WOULD LIKE TO THANK CONGRESS FOR HAVING PROVIDED US OVER THE PAST FEW YEARS WITH THE SPECIAL PROVISIONS THAT HAVE ENABLED US TO CONTINUE ADEQUATE NUTRITION SUPPLEMENTS TO HOMELESS FAMILIES. IT MUST BE EMPHASIZED THAT HOMELESS FAMILIES ARE A VERY VULNERABLE POPULATION; THEY COME FROM VERY STRESSFUL CIRCUMSTANCES PRIOR TO ENTERING OUR SYSTEM, SUCH AS LOSS OF A HOME DUE TO FIRE OR EVICTION, THE BREAKUP OF THE FAMILY, OR SOME OTHER FINANCIAL OR MEDICAL CRISIS. THEY DO NOT HAVE THE RESILIENCE AND RESOURCES OF OTHER FAMILIES, AND WE MUST PROVIDE THEM WITH ENHANCED SUPPORTS DURING THEIR STAY IN THE HOMELESS SYSTEM.

PROVIDING THESE ENHANCED NUTRITIONAL SUPPORTS IS EXACTLY WHAT SECTION 807(B) OF THE MCKINNEY ACT HAS ALLOWED US TO DO FOR THE FAMILIES IN HOTELS. AS YOU RECALL, THE PROVISION ENSURES THAT THIRD PARTY PAYMENTS FOR HOTELS ROOMS OR OTHER TRANSITIONAL FACILITIES FOR HOUSING HOMELESS FAMILIES ARE NOT COUNTED IN CALCULATING FOOD STAMP BENEFITS, PROVIDED THAT THE HOUSING UNIT LACKS FOOD COOKING AND STORAGE FACILITIES, AS VIRTUALLY ALL THE HOTELS DO. IF PAYMENTS

TO HOTELS, WHICH ARE LARGER THAN THE NORMAL SHELTER ALLOWANCE FOR FAMILIES, WERE COUNTED, THE FAMILY WOULD APPEAR TO HAVE A VERY LARGE INCOME, AND THEIR FOOD STAMPS WOULD BE SEVERELY REDUCED OR ELIMINATED. SECTION 807(B) HAS ALLOWED US TO AVERT THIS, SO WE WOULD PROPOSE THAT THE PROVISION BE EXTENDED PERMANENTLY. AT THE SAME TIME, AS OUR HOMELESS FAMILY SYSTEM EVOLVES AND AS WE CONTINUE TO BRING NEW FACILITIES ON LINE, SOME CHANGES IN THE PROVISION SHOULD BE CONSIDERED. WE HOPE THESE CHANGES WILL ENHANCE CONGRESS' INTENT TO TARGET THESE NUTRITIONAL RESOURCES TO VULNERABLE FAMILIES IN A RESPONSIBLE AND EFFECTIVE MANNER.

THE MAJOR CHANGE IN THE NEW YORK CITY TRANSITIONAL HOUSING SYSTEM IS EXACTLY THE ONE CONGRESS HAS URGED US TO PURSUE AND WHICH WE HAVE MADE OUR HIGHEST PRIORITY: MOVING FAMILIES OUT OF HOTELS. WE HAVE MADE ENORMOUS STRIDES TOWARD OUR GOAL OF ENDING USE OF THE HOTELS BY THE SUMMER OF 1990. WE HAVE REDUCED THE HOTEL CENSUS FROM 3,161 FAMILIES IN SEPTEMBER OF 1988 TO 1,816 FAMILIES IN NOVEMBER 1989. A MAJOR PART OF THIS EFFORT HAS BEEN TO CREATE A TRANSITIONAL HOUSING SYSTEM THAT PROVIDES FAMILIES THE SOCIAL SERVICES, SUPPORT SERVICES AND HOUSING LOCATION ASSISTANCE THEY NEED TO GAIN INDEPENDENCE. WE ARE, AS YOU KNOW, ALSO EMBARKED ON THE LARGEST MUNICIPAL HOUSING DEVELOPMENT PLAN EVER UNDERTAKEN BY A LOCALITY -- RENOVATING AND IMPROVING SOME 252,000 UNITS OF HOUSING OVER TEN YEARS AT A COST OF $5 BILLION.

A SIGNIFICANT SHARE OF THESE UNITS ARE RESERVED EXPRESSLY FOR LONG TERM HOMELESS FAMILIES. EVEN WITH THIS MASSIVE PERMANENT HOUSING PROGRAM, HOWEVER, THE HIGH NUMBER OF FAMILIES ENTERING THE SYSTEM AND THE NEED FOR TIME TO PROVIDE SOME SERVICES REQUIRE US TO HAVE THIS TRANSITIONAL SYSTEM. WE EXPECT TO NEED

AN ONGOING TRANSITIONAL HOUSING PROGRAM ABLE TO SERVE 3,500 HOMELESS FAMILIES AT ANY POINT IN TIME THAT WILL EXTEND INTO THE FORESEEABLE FUTURE.

SEVERAL ASPECTS OF THIS SYSTEM WILL REQUIRE THE CONTINUATION OF SECTION 807(B) WITH SOME MODIFICATIONS. FIRST, ABOUT 70 PERCENT OF THE FAMILIES WILL HAVE COOKING AND FOOD STORAGE FACILITIES IN THEIR TRANSITIONAL UNITS. THIS GROUP, WHILE HAVING FULL KITCHEN AND FOOD STORAGE FACILITIES, WILL NEED FOOD STAMPS TO PURCHASE FOOD TO MAKE USE OF THE KITCHEN. TO REQUIRE THE FULL HOUSING PAYMENTS MADE ON THEIR BEHALF TO BE COUNTED IN THE CALCULATION OF FOOD STAMP BENEFITS, AS USDA ORIGINALLY PROPOSED, WOULD ELIMINATE THEIR FOOD STAMPS. THE PROVISION SHOULD STATE THAT ONLY THE AMOUNT THAT A FAMILY WOULD RECEIVE FOR RENT IF THEY WERE LIVING IN THE COMMUNITY BE COUNTED IN THE FOOD STAMP CALCULATION. IN NEW YORK STATE, UNLIKE MOST OTHER STATES, THE PUBLIC ASSISTANCE GRANT IS SPLIT INTO TWO PARTS, ONE FOR PERSONAL NEEDS AND ONE FOR SHELTER. A STATE DETERMINED AMOUNT FOR EACH FAMILY SIZE IS SET IN EACH COUNTY, SO THE AMOUNT THAT SHOULD BE BUDGETED FOR HOMELESS FAMILIES IS READILY AVAILABLE.

SECOND, THE OTHER 30 PERCENT OF THE UNITS WILL NOT HAVE FULL INDIVIDUAL KITCHENS FOR FAMILIES TO PREPARE MEALS, BUT IN SEVERAL OF THE FACILITIES THREE MEALS A DAY ARE PREPARED FOR THE FAMILIES. IT WOULD BE INEQUITABLE TO PROVIDE THE SAME LEVEL OF FOOD STAMPS TO FAMILIES RECEIVING THREE PREPARED MEALS A DAY COMPARED TO THOSE WHO DO NOT RECEIVE PREPARED MEALS. HOWEVER, BECAUSE OF THE FAMILY'S EXTRA STRESSES AND DIFFICULTIES, AND THE NEED TO PROVIDE SNACKS, WE URGE THE COMMITTEE, AS YOU CONSIDER WAYS TO REDRESS THIS INEQUITY, TO ENSURE THAT SUCH FAMILIES' FOOD STAMPS ARE NOT ELIMINATED.

FINALLY, WE SHOULD INFORM YOU THAT SOME OF THE FACILITIES WILL PROVIDE PARTIAL NUTRITION SERVICES THAT ARE NOT READILY CLASSIFIABLE, SUCH AS PROVIDING SOME PREPARED MEALS OR PROVIDING COOKING FACILITIES THAT WILL BE SHARED BY MANY FAMILIES. WE BELIEVE THESE SHOULD BE TREATED THE SAME WAY AS UNITS WITH NO COOKING FACILITIES, AS WE ARE CONCERNED ABOUT CUTTING TOO FINE A LINE ON BENEFITS TO SUCH VULNERABLE FAMILIES. OTHER MECHANISMS TO CREATE EQUITABLE TREATMENT AMONG THE DIFFERENTLY SITUATED FAMILIES, SUCH AS PERMITTING LOCALITIES TO ASK FOR PAYMENT IN FOOD STAMPS FOR PREPARED MEALS MIGHT BE CONSIDERED, BUT WE URGE YOU IN CRAFTING A NEW METHOD TO PROVIDE FOOD STAMPS TO HOMELESS FAMILIES TO ERR, WHERE THERE IS UNCERTAINTY, ON THE SIDE OF PROVIDING, NOT DENYING, A BENEFIT TO THESE VULNERABLE FAMILIES. CERTAINLY AS OUR SYSTEM IS COMPLETED AND WE GAIN MORE EXPERIENCE, WE WILL COME TO YOU WITH SUGGESTIONS FOR REFINING THIS MECHANISM.

I WOULD LIKE NOW TO REPORT ON OUR PROGRESS IN MOVING FAMILIES FROM HOTELS AND CREATING THE TRANSITIONAL SHELTER SYSTEM. IN SEPTEMBER, 1988, WE HAD 3,161 FAMILIES LIVING IN HOTELS. OUR PLACEMENT OF THESE FAMILIES IN HOTELS WAS IN RESPONSE TO A CRISIS: A DRAMATIC INCREASE IN THE NUMBER OF HOMELESS FAMILIES. SINCE THEN, WE HAVE REALIZED THAT HOMELESSNESS HAS BECOME AN ENDEMIC NEW YORK CITY FACT OF LIFE (AS IT IS IN OTHER CITIES), AND THAT WITH NO FORSEEABLE RESUMPTION OF FEDERAL HOUSING ASSISTANCE, NEW YORK CITY WOULD, AT CONSIDERABLE FINANCIAL RISK, HAVE TO STEP INTO THE BREACH AND BEGIN BUILDING BOTH AN ALTERNATIVE TRANSITIONAL SYSTEM TO REPLACE THE CURRENT CRISIS SYSTEM AND PERMANENT HOUSING.

IN NEW YORK CITY WE HAVE STARTED MOVING IN THAT DIRECTION WITH THE DEVELOPMENT

OF OUR FIVE YEAR PLAN. WITH THIS PLAN, WE HAVE BEEN ABLE TO REDUCE THE NUMBER OF FAMILIES LIVING IN HOTELS. AS I MENTIONED, AS OF NOVEMBER 16, 1989, THE HOTELS HELD 1,816 FAMILIES. THIS IS A REDUCTION OF 42.5 PERCENT, OR 1,345 FAMILIES SINCE SEPTEMBER, 1988. WE ANTICIPATE THAT BY JUNE, 1990 ALL FAMILIES WILL HAVE BEEN MOVED OUT OF THE HOTELS.

IN ORDER TO FACILITATE THE MOVEMENT TO PERMANENT HOUSING, HOWEVER, WE HAVE HAD TO ESTABLISH A TRANSITIONAL SHELTER SYSTEM. THESE SHELTER ENABLE A HOMELESS FAMILY TO LIVE IN A PRIVATE SLEEPING UNIT AND GET THE KIND OF ASSISTANCE THAT WILL PREPARE THEM TO LIVE INDEPENDENTLY AGAIN. CURRENTLY WE HAVE OVER 40 SHELTERS PROVIDING HOUSING FOR 1,611 FAMILIES. OUR PROJECTIONS ARE THAT AS OF JUNE, 1992, THERE WILL BE 3,500 HOMELESS FAMILIES IN APPROXIMATELY 72 TRANSITIONAL SHELTERS. THIS IS A NECESSARY STEP FOR FAMILIES TO ACHIEVE INDEPENENCE.

WITH A PERMANENTLY EXTENDED RULE MODIFIED TO MEET THE CIRCUMSTANCES OF THIS NEW SYSTEM, YOU CAN GIVE US THE TOOLS TO MEET THE NUTRITIONAL NEEDS OF THESE FAMILIES.

FOOD STAMP ACT RE-AUTHORIZATION ISSUES FOR THE CITY OF NEW YORK

- DEVELOP A NEW FOOD STAMP QUALITY CONTROL SYSTEM THAT PARALLELS THE AFDC QUALITY CONTROL SYSTEM, INCLUDING PERMANENT WAIVER OF ALL FOOD STAMP DISALLOWANCES THROUGH FEDERAL FISCAL YEAR 1991, ESTABLISHMENT OF PENALTIES BASED ON A SLIDING SCALE WHICH REFLECTS THE DEGREE TO WHICH A

STATE'S ERROR RATES EXCEED THE NATIONAL AVERAGE, TAKES INTO ACCOUNT UNDERPAYMENTS AND OVERPAYMENTS, AND REWARDS STATES FOR COLLECTION OF OVERPAYMENTS.

- DEVELOP A PROCESS TO ENSURE CONTINUOUS COORDINATION BETWEEN THE FOOD STAMP, AFDC AND MEDICAID PROGRAMS, ESPECIALLY, FOR INSTANCE, BETWEEN THE AFDC JOB OPPORTUNITIES AND BASIC SKILLS TRAINING PROGRAM AND THE FOOD STAMP EMPLOYMENT AND TRAINING PROGRAM.

- INCREASE THE FOOD STAMP ALLOTMENT BY RAISING THE BENEFIT LEVEL OF THE THRIFTY FOOD PLAN TO THAT OF THE LOW COST FOOD PLAN.

- ELIMINATE THE CAP ON THE EXCESS SHELTER COST DEDUCTION.

- FOR THE PURPOSE OF DETERMINING FOOD STAMP BENEFITS, EXCLUDE EMERGENCY ASSISTANCE RESTAURANT ALLOWANCES FROM THE INCOMES OF THOSE HOMELESS FAMILIES WHO LACK FULL KITCHENS IN THEIR DWELLING UNITS.

- AS IS CURRENTLY DONE IN THE AFDC PROGRAM, EXCLUDE FROM INCOME THE FIRST $50 IN CHILD SUPPORT FOR THE PURPOSE OF DETERMINING BENEFITS.

- FOR THE PURPOSE OF CALCULATING FOOD STAMP BENEFITS, EXCLUDE FROM INCOME MEDICARE PART B PREMIUMS OF SOCIAL SECURITY RECIPIENTS, WHICH ARE CURRENTLY DEDUCTED FROM THEIR CHECKS.

- REQUIRE THAT ALL HOUSEHOLDS, REGARDLESS OF SIZE, BE GIVEN A MINIMUM $10

FOOD STAMP ALLOTMENT IF THEY ARE CATEGORICALLY ELIGIBLE FOR FOOD STAMPS.

- BROADEN HOUSEHOLD DEFINITION TO ALLOW SEPARATE FAMILIES MAINTAINING SEPARATE HOUSEHOLDS UNDER THE SAME ROOF TO BE CONSIDERED SEPARATE FOOD STAMP HOUSEHOLDS.
- ALLOW A STANDARD DEDUCTION FOR THE MEDICAL EXPENSES OF ELDERLY AND DISABLED RECIPIENTS, WITH ITEMIZATION PERMITTED IF THE PERSONS ACTUAL COSTS EXCEED THE STANDARD DEDUCTION.

2/TES./FS-EXTEN:

rev: 12/6/89
p.m.

Good morning Mr. Chairman and Committee Members. As a representative of Mr. Kevin F. Gill, Executive Director for Support Services of New York City's Board of Education, Office of School Food and Nutrition Services (OSFNS), it is a privilege to testify before you on the issue of the reauthorization of the Federal Commodity Distribution Programs.

The school meals program in New York City is the largest in the nation in terms of both participation and personnel. OFSNS serves approximately 670,000 meals daily; a total of 120 million meals were served during the 1988-89 school year. Exhibit I depicts some statistical data about pricing and the percentage of free, reduced-price, and full-price meals served in New York City through the National School Lunch and Breakfast Programs.

Nutrition affects every aspect of a child's physical and intellectual life and school meals have become important to the overall nutritional integrity of our school children. The services of breakfast and lunch provided are integral to a New York City child's school experience. More important than numbers served, our services are addressing the issues of urban hunger and poverty.

Hunger is a growing social problem in this country and malnutrition is a growing epidemic, paticularly among the children of minorities in big cities. In 1987, 13.5% of all persons living in the United States were poor. In New York City, that figure was 23.2% or 1.7 million people. For children, New York City's poverty rate was 37.4%, a figure almost double the national average of 20.4%.

Within the context of Federal Regulations including the recommendations of the Dietary Guidelines, school meals are balanced to meet the needs of growing children. Careful menu planning goes into making these meals provide the nutrients that young, growing bodies need. Greater student independence, especially among adolescents has created new challenges which we must face. Student acceptability of menu items is the bottom line in providing nutrition; it also has a profound impact on the use of donated commodities.

The current meal production climate is characterized by limited personnel and facilities, equipment constraints, rising labor costs and expectations for fast, efficient service by school administrators and clientele.

The scope of donated commodities, coupled with product forms and packaging for "ease of service", are important factors in determining use considerations and cost effectiveness of commodity items. Thus, food service operations must look to foods that are either ready to serve or ready to heat and serve. Items such as whole turkeys, ground pork, date pieces, prunes, figs, cornmeal, plums and frozen eggs do not always fit into the logistics of a school food service operation for immediate use and student acceptability. Processing into further end product forms enables food service operators to maximize the use of commodity items where possible.

Donated commodities affect the cost effectiveness of programs and also help determine the composition of menus. Reported drops in milk production have made the outlook bleak for milk products; consequently, the availability of cheese has been adversely affected by market conditions. A paucity of cheese is not welcome news to many who have seen food costs rise. The cost of cheese pizza, a protein component of the Lunch Meal Pattern, and a most popular student choice has escalated. Furthermore, requests for lower sodium/fat cheese are now thwarted by a lack of cheese!

In the interest of promoting good health, as you, Committee Members now contemplate the reauthorization of the federal commodity distribution program, we urge you to act on the following:

* Implement the use of nutritional labeling with instructions in line with the Dietary Guidelines

* Pursue unbreaded, baked or roasted items where feasible (i.e. main entree items) versus breaded and fried items

* Purchase fruits packed in fruit juices as market conditions and flexibility permit

* Purchase no products with tropical oils

* Purchase frozen vegetables versus canned which will eliminate salt

* Purchase more fresh fruits and vegetables locally as market conditions permit

OSFNS recognizes that schools are an important environment to teach as well as set good eating habits. We understand the role that we play in the nutritional well being of our students and work hard to provide quality, acceptable meals to our students.

Thank you. I am happy to answer any questions that you may have.

(Attachment follows:)

OSFNS - Breakfast and Lunch Participation (1988)

Free, Reduced-Price and Full-Priced Meals:

Breakfast		Lunch	
Free	91%	Free	78%
Reduced-Price	5%	Reduced-Priced	8%
Full-Price	4%	Full-Price	14%

Breakfast and Lunch Costs to Students:

Breakfast		Lunch	
Full-Price	.35	Full-Price $	
		Elementary	.65
		Junior High School	.75
		High School	.80
Reduced-Price		Reduced-Price	
	.05		.25

EXHIBIT A

DT:ndc
0037F/60

TESTIMONY of Kathy Goldman and Liz Krueger, Community Food Resource Center, Inc. 17 Murray Street, 4th Floor, New York, New York, 10007 (212) 349 - 8155.

HEARING before the U.S. House of Representatives, Committee on Agriculture, Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition. December 8, 1989. New York City.

RECOMMENDATIONS for 1990 Reauthorization of the Federal Food Stamp Program.

Thank you for inviting us to testify here today. My name is Kathy Goldman, and I am the Executive Director of the Community Food Resource Center (CFRC), a 10 year old organization whose specific mission is to expand access to nutritious food for all New Yorkers. Here with me today is our principal staff person on Food Stamp issues, Liz Krueger. One of CFRC's key objectives for these ten years has been our work to expand participation in and improve the administration of the Food Stamp program here in New York City. We meet regularly with City and State agency representatives, monitor changes in the program, provide Food Stamp training to other nonprofit agencies, and have developed a variety of food stamp outreach materials. CFRC believes that the Food Stamp program is the single most important food and nutrition program in the United States, and today we would like to focus on several specific recommendations which if enacted by Congress would lead to significant improvements in this program for all low income Americans.

Let us start by complementing Congress for having already taken some important steps in this direction. Just last month you rejected some atrocious cuts to the Food Stamp program proposed by the Administration, and succeeded in passing a significant increase in funding for Fiscal Year 1990.

1. We believe that the single most important change Congress can make when reauthorizing the Food Stamp program in 1990 is to Eliminate the Cap on the Excess Shelter Deduction, currently $177 per household, which is used in determining available income for food stamp allotment calculations.

The purpose for this cap no longer exists, since it pre-dates the creation of the maximum gross income test, which serves to prevent people with both high incomes and high shelter costs from participating in the Food Stamp program. Additionally, this cap causes an inequity in treatment skewed against large families since it is a fixed amount regardless of household size.

Most critically, this excess shelter cap is exceptionally onerous for low income households here in New York City who are forced to use such a high percentage of their disposable income for skyrocketing rent and utility costs. Below are three examples of actual food stamp households here in New York City and the direct impact on their food stamp allotments if Congress were to remove the excess shelter cap:

A) 2 parent working family with 3 children. This family has a monthly earned income of $1,400, rent of $500, and child care costs of $400; leaving a 5 person family with $500 in monthly disposable income to cover the costs of utilities, transportation, clothes, medical and personal items - not to mention purchase of food. Currently this family receives $252 per month in Food Stamps. It there were no excess shelter cap, this family would be eligible for $308 in Food Stamps, a monthly increase of $56.

B) Mother with 2 preschool aged children receiving AFDC. This family receives monthly AFDC payments of $539, and pays rent of $352; which leaves the three of them with only $214 per month in income to cover the costs of utilities, transportation, clothes, medical and personal items, and food. Currently this family receives $201 per month in Food Stamps. If there were no excess shelter cap, this family would be eligible for $241 in Food Stamps, a monthly increase of $40.

C) Working mother with 2 school-aged children. This family has a monthly income of $900, with rent of $557; leaving disposable income of $343 to cover all the above described basic needs. Currently this family receives $131 per month in Food Stamps. If there were no excess shelter cap, this family would be eligible for $210 in Food Stamps, a monthly increase of $79.

2. Food Stamp Benefits must be increased to a level sufficient to meet realistic food needs. We urge Congress to base Food Stamp allotments on USDA's "Low Cost Food Plan". While we are pleased that Congress has taken a step in this direction by beginning to increase allotments slightly above 100% of the Thrifty Food Plan, we are opposed to continued use of this inadequate and nutritionally unsound Food Plan for food stamp calculation purposes. At the end of our testimony is included a summary CFRC hase prepared about the Inadequacies of the USDA Thrifty Food Plan.

Also attached are two pages from the USDA's publication for Food Stamp recipients on how to purchase and prepare meals based on the Thrifty Food Plan. Breakfast for a family of four includes 1/2 a banana and 1 1/4 slices of toast per person. Has anyone at the USDA ever watched teenagers eat? A recipe for Braised Turkey Drumsticks (2.87 lbs. with bones) is supposed to provide meat for 4 people for 3 meals! We believe you will agree that these menu's would be laughable, if this wasn't such a tragedy.

3. We propose that Congress decrease the current 30% Benefit Reduction Rate in the Food Stamp Program to a more realistic level of "available net income" which could be used to supplement food stamp benefits. The Food Stamp Program is designed so that when a household's disposable income increases, food stamp benefits decrease at a rate of approximately 30 cents on the dollar. The original theory behind this "Benefit Reduction Rate" was that households should have available 30% of their net income to use to supplement food stamps for the purchase of an "adequate" diet. This is no longer a valid theory, given the disproportionately high rents and other expenses required of low income families.

> Take for example one of the three families discussed earlier, the working mother with 2 school-aged children. This family has a monthly income of $900, but payroll taxes of approximately 16% reduce their net income to just $756. They pay rent of $557; leaving disposable income of $199 - only 26% of their net income is available to cover the costs of food plus utilities, transportation, clothing, and other basic needs, far below the 30% anticipated remaining in Food Stamp budget calculations.

Reducing the benefit reduction rate to a more realistic level of 15%, would have an impact on almost every household receiving food stamps throughout the country. Here in New York, it would also greatly soften the blow of the decrease in food stamps for all public assistance households when New York State raises it Public Assistance basic grant level by 15% in January 1990. The same would hold true for any state that elects to increase public assistance benefit levels and would apply equally to protect against a decrease in Food Stamps for working poor families when the federal minimum wage increases in 1990.

For example: if the benefit reduction rate for food stamps were 15% rather than the current 30% at the time New York State raises its basic grant portion of public assistance benefits in 1990, a household of three averaging an AFDC benefit increase of $38 per month would only lose $5 per month in food stamp benefits instead of the $11 per month they will actually lose (see attached chart). Analysis would show a parallel impact on the loss of food stamp benefits for working poor households receiving the minimum wage when it is increased beginning in 1990.

> This problem is one of the major issues facing states when considering raising their AFDC and General Assistance benefit levels, since the state is hit with an immediate loss in federal food stamp revenue when AFDC and GA benefits are increased. Increasingly, states view the loss of food stamp benefits as a disincentive to raising inadequate public assistance grant levels.

4. We urge Congress to Remove Mandatory Household Definitions which now prevent many relatives sharing housing, but purchasing and preparing meals separately, from being treated as independent households for food stamp purposes. There are an estimated 100,000 New York City households "doubled-up", and at constant risk of homelessness. Congress should not continue to penalize low income families, through a loss in food stamps, when their only crime is in trying to help relatives in crisis by offering to open up their homes.

5. We support NOT counting the first $50 of child support payments as income for food stamp purposes. This change would assist mothers with children receiving public assistance and provide consistency with existing AFDC rules.

6. We are opposed to the continued use of the USDA Quality Control System now used for determining error rate sanctions for the Food Stamp Program. State and local agencies responsible for administering Food Stamps have created unwieldy and expensive new procedures and restrictions in response to these Quality Control sanctions which do not prevent fraud, but do discourage eligible applicants.

7. We support establishing a standard deduction for un-reimbursed medical expenses for the Elderly and Disabled. It is our experience that correct determination of un-reimbursed medical deductions are one of the most commonly overlooked or incorrectly budgeted items for elderly and disabled food stamp recipients. Establishing a standard deduction would greatly assist in resolving this problem.

8. We support permitting quarterly disbursements of Food Stamps for the Elderly. Congress should also expand the successful pilot program that permits elderly recipients to receive cash instead of coupons (cash-out) on a quarterly basis.

9. We support raising the limit on the value of motor vehicles to $4,500.

10. We support allowing low income college students who live with their families to receive food stamps.

We urge you to support the specific recommendations for the Food Stamp Program highlighted above, and to continue to fight for adequate funds for expansion of this country's most important food and nutrition program. Thank you for giving us the opportunity to share our views with you today, and for your continued efforts on behalf of poor and hungry Americans.

INADEQUACIES OF USDA's THRIFTY FOOD PLAN

The U.S. Department of Agriculture's Thrifty Food Plan is the basis upon which food stamp allotments are calculated. It was not designed to ensure that people get enough of the nutritious foods they need to be healthy. Rather, the Thrifty Food Plan has always been a "theoretically approximate adequate diet" based upon a predetermined dollar figure which is then averaged for different size families.

When the Food Stamp Act of 1964 was first passed by Congress, the Thrifty Food Plan did not exist. However, an "Economy Food Plan" had been developed, based on the 1955 USDA survey of consumer expenditures. At that time, USDA described the Economy Food Plan as one "designed for short-term use when funds are extremely low, and was designed for use when the cost of food must be lower than the average food expenditures for low income families." Thus, it was essentially for emergency use, and never intended to cover nutritional needs over an indefinite time period.

In 1975, the Thrifty Food Plan was developed to replace the Economy Food Plan in response to widespread criticism of the plan. However, the Thrifty Food Plan did not differ significantly from the Economy Food Plan, because the predetermined cost levels used were almost identical.

USDA was sued on the inadequacy of the Thrifty Food Plan (Rodway vs USDA), and the Court held in 1975 that USDA had violated the intent of Congress to provide for a "nutritionally adequate diet". Distressingly, the Food Stamp Act was changed in 1977 which invalidated the impact of the Court decision. The description of the law was changed to "permit low-income households to obtain a more nutritious diet". Thus, this change in wording both acknowledged that the Thrifty Food Plan is inadequate and indicated that Congress was unwilling at that time to provide Food Stamps at the level needed to ensure a nutritionally adequate diet.

USDA recognizes that the Thrifty Food Plan has serious deficiencies as evidenced in the Federal Register (4/4/80):

> "The Department recognizes that a number of factors make it difficult for many families to obtain an adequate diet on the amount of money which represents the cost of the Thrifty Food Plan. In fact, data on food consumption among low income households indicates that fewer than one in ten families spending an amount of money equivalent to the cost of the Thrifty Food Plan received 100% of the Recommended Daily Allowances. The average food purchaser, without specific nutritional skills and training, would find it difficult to make the food choices which provide an adequate diet on the amount of money which represents the cost of the Thrifty Food Plan."

Specific Problems with the Thrifty Food Plan

1. The Field Foundation in a 1979 medical study on the effectiveness of federal food programs to alleviate hunger and malnutrition stated that the Thrifty Food Plan diet "is less adequate than USDA's 'Low Cost' food plan, a diet typical of what is consumed by most working class families".

2. The USDA's Nationwide Food Consumption Survey documents that 69% of low income households used food with a monetary value of equal or more than 110% of the Thrifty Food Plan's food stamp purchase allotment.

3. The food allotments are based on a standard "hypothetical family of four" who are healthy, have no special nutritional needs and engage in light physical activity. Unfortunately, this 'standard household' does not reflect the age and sex characteristics of those poor families most frequently participating in the Food Stamp program.

4. The Thrifty Food Plan allows for only 5% waste. Thus in order to survive on this plan, families must be "superhuman" because lower cost foods generally have a higher percentage of inedible parts (high fat and bone content, raw, unprocessed products). Since many low income families don't have proper refrigeration and storage facilities, spoilage and food waste are a significant problem.

5. In order to function under the Thrifty Food Plan, people must have superior shopping and nutritional skills including: knowledge of the best and least expensive foods in each of the 17 established Thrifty Food Plan categories; how to combine foods properly for balanced nutrition; and the ability to purchase and store foods in bulk quantities. A survey of households attempting preparation of menus representative of the Thrifty Food Plan found that it took an average of 3 and one-half hours daily just preparing and cooking these foods. Poor people too often have neither these options or advanced nutritional skills.

6. Purchasing the Thrifty Food Plan requires access to buy and store an entire month's food order at nationally average prices. Having to shop in smaller stores or pay higher than average costs will further negates a family's abilities to purchase the already inadequate Thrifty Food Plan diet.

(Attachments follow:)

New York City "Average" Public Assistance Households Receiving Food Stamp Benefits
in 1990: Current Average Benefits and Food Stamp Losses When New York Increases
the "Basic Grant" Portion of the Public Assistance Grant by 15% in January 1990.

HOUSEHOLD SIZE:	1990 IF NO P.A. INCREASE 1	1990 WITH P.A. INCREASE 1	1990 IF NO P.A. INCREASE 2	1990 WITH P.A. INCREASE 2	1990 IF NO P.A. INCREASE 3	1990 WITH P.A. INCREASE 3	1990 IF NO P.A. INCREASE 4	1990 WITH P.A. INCREASE 4
MONTHLY PUBLIC ASSISTANCE GRANT	$334	$352	$440	$468	$539	$577	$639	$688
P.A. Home Energy Allowance	$16	$16	$23	$23	$30	$30	$39	$39
P.A. Supp Energy Allowance	$11	$11	$17	$17	$23	$23	$30	$30
Adjusted Gross Income for Food Stamps	$309	$327	$401	$429	$486	$524	$570	$619
- Standard Household Deduction	$112	$112	$112	$112	$112	$112	$112	$112
- Maximum Excess Shelter Deduction	$177	$177	$177	$177	$177	$177	$177	$177
NET Food Stamp Income	$20	$38	$112	$140	$197	$235	$281	$330
Thrify Food Plan/H.H. Size	$99	$99	$182	$182	$260	$260	$331	$331
- 30% of Net Income Deduction	$6	$11	$33	$42	$59	$71	$84	$99
AVERAGE MONTHLY FOOD STAMP BENEFIT	$93	$88	$149	$140	$201	$190	$247	$232
MONTHLY INCREASE TO PA GRANT OF HOUSEHOLD		$18		$28		$38		$49
MONTHLY LOSS OF FOOD STAMPS DUE TO PA INCREASE		$5		$8		$11		$15
MONTHLY "NET GAIN" TO HOUSEHOLD INCLUDING FOOD STAMP LOSS		$13		$20		$27		$34

"AVERAGE" NYC P.A. Household Food Stamp Loss Calculations based on:
1990 Standards and Benefit Amounts; No Earned Income; Maximum Rent Payments;
All Maximum Deductions; No Dependent Care Deductions; No Elderly or Disabled H.H. members.

Prepared By:
COMMUNITY FOOD RESOURCE
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17 MURRAY STREET, 4th Floor

Menus

United States
Department of
Agriculture

Human Nutrition
Information
Service

Home and
Garden
Bulletin
Number 240

Making Food Dollars Count

Nutritious Meals at Low Cost

Week 1: Menus for a Family of Four

	SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
BREAKFAST	Grapefruit sections (1 can) Scrambled eggs (3) Cinnamon toast (6 sl)	Orange (2) quarters Ready-to-eat cereal (6 oz) Toast (5 sl)	Orange juice (2 c) Farina (3/4 c dry) Coffee cake (1/2)	Bananas (2) Ready-to-eat cereal (6 oz) Toast (5 sl) with peanut butter (4 T)	Apple (2) wedges Pancakes* Sirup (6 T) Pork sausage (1/2 lb)	Pear (1) slices Ready-to-eat cereal (6 oz) Biscuits (8)	Orange juice (2 c) Pork sausage (1/2 lb) Grits (1 c dry) Muffins (6)
LUNCH	Quick macaroni and cheese* Creole beans* Toast (6 sl)	Peanut butter-banana sandwiches* Celery sticks (3/4 c) Chocolate pie (1/2)	Pork and cabbage soup* Toasted corn-bread (1/2) Oatmeal cookies*	Frankfurters on rolls (4) Potato salad*	Turkey noodle soup* Biscuits* (8) Pear (2) quarters	Peanut butter-vegetable sandwiches* Apples (2) Rice pudding*	Egg salad (3 eggs, 2 T celery, 1 T onion, 1 T salad dressing) sandwiches (4) Kidney bean salad*
DINNER	Roast pork with gravy* Mixed vegetables Baked potatoes (1-1/3 lb) Bread (5 sl) Chocolate pie* (1/2)	Sweet-sour pork* Rice (3/4 c dry) Green beans Cornbread* (1/2)	Spinach lasagna* Garlic rolls (4) (use hot dog rolls) Orange fluff*	Braised turkey with gravy* Vegetable fried rice* Bread (5 sl) Peach cobbler*	Bean tamale pie* Toast (6 sl) Cottage cheese (1 c) with orange (2) sections Quick bread (4 sl)	Turkey-stuffing casserole with gravy* Mashed potatoes (1 lb) Mixed fruit (2 apples, 1 orange, 1/4 c raisins) Quick bread (4 sl)	Mock hamburger stroganoff with potatoes* Corn and cabbage salad* Bread (5 sl)
SNACK	Ready-to-eat cereal (6 oz)	Cinnamon coffee cake* (1/2)	Crackers (24) Peanut butter (4 T)	Quick bread (4 sl)	Crackers (24) with cheese (4-1/2 oz) Lemonade (2 c)	Muffins* (6)	Popcorn (1/3 c dry) Lemonade (2 c)

*Recipe included.

Notes: Amounts of foods that the family is expected to use are shown in parentheses ( ) or in recipes. Beverage is milk for everyone at least once daily. Cookies (9 oz) may be added to meals as an optional dessert.

Biscuits (using biscuit mix)

16 biscuits

Calories per biscuit: About 95.

Biscuit mix (see recipe p.7)	3 cups
Water	2/3 cup

1. Preheat oven to 425°F (hot).
2. Stir most of the water together with the mix. Add more water as needed to make a dough that is soft but not too sticky to knead.
3. Knead dough 15 times on a lightly floured surface.
4. Pat or roll dough into a square about 7 by 7 inches; cut into 16 pieces and place on ungreased baking sheet.
5. Bake until lightly browned, about 12 minutes.

Braised Turkey Drumsticks

Provides cooked turkey for 3 meals

Turkey drumsticks, fresh or frozen	2.87 pounds
Poultry seasoning	1/4 teaspoon
Salt	1/8 teaspoon
Pepper	1/8 teaspoon
Water	2 cups

1. Thaw frozen drumsticks in refrigerator.
2. Brown drumsticks in hot frypan, 10 to 15 minutes.
3. Sprinkle with seasonings.
4. Add water. Bring to a boil; reduce heat, cover, and simmer until tender, about 1-1/2 hours. Turn drumsticks halfway through cooking.
5. Measure cooking liquid. Spoon off as much of the fat layer as possible. Add water to liquid, if necessary, to make 2 cups. Save 1 cup turkey cooking liquid for turkey stuffing casserole (see recipe, p.23); use remaining 1 cup liquid for braised turkey with gravy (see recipe, p.8).
6. Separate meat from skin and bones. Use bones and skin to make stock (see NOTE). Dice and save 3/4 cup turkey for turkey noodle soup (see recipe, p. 23). Dice and save 1-1/4 cups turkey for turkey stuffing casserole. Serve remainder of turkey for dinner (see braised turkey with gravy).

NOTE: Break bones in half. Place bones and skin in saucepan. Add 4 cups water; 1 medium onion quartered; and 1 bay leaf. Bring to a boil; reduce heat, cover, and simmer 1 hour. Remove bones and skin. Strain. Press as much of the onion as possible through strainer into stock. Add water, if needed, to make 4 cups. Chill. Use stock for turkey noodle soup.

Braised Turkey with Gravy

4 servings, about 2 ounces turkey and 1/4 cup gravy each

Calories per serving: About 135.

Flour	2 tablespoons
Water	2 tablespoons
Turkey cooking liquid (from braised turkey drumsticks, see recipe, p. 8, step 5)	1 cup
Braised turkey (from braised turkey drumsticks see step 6)	About 8 ounces

1. Mix flour and water until smooth. Stir into turkey cooking liquid.
2. Cook, stirring constantly, until thickened, about 2 minutes.
3. Serve over braised turkey.

Written Testimony of

Muriel Brink, Professor
and
Catherine Campbell, Assistant Professor
Division of Nutritional Sciences
Cornell University

New York State

The faculty within the Division of Nutritional Sciences have focused on food and nutrition issues affecting the health and well-being of New Yorkers since the early 1900's and later expanded to include the world population. The inequities in diet quality and food access in New York State and the need for supplemental food resources are well documented through the Expanded Food and Nutrition Education Program (EFNEP) and the New York State Nutrition Surveillance Program.

Since 1984 the New York State Nutritional Surveillance faculty have completed five studies that pertain to hunger and emergency food relief. The enclosed report Private Food Assistance in New York State provides a summary. Findings relevant to this testimony are:

- Most people requesting food assistance have low-incomes, are unemployed, and are not homeless; about half have not completed high school.
- Children represent slightly more than forty percent of the food pantry recipients.
- Lack of food was the primary reason for using private food assistance programs.
  - Thirty-three percent of food pantry users indicated their public assistance or food stamps ran out.
- Reliance on food pantries and soup kitchens generally increases during the last half of the month.
- Food Stamp participation rates among private food assistance clients were similar to or lower than that of the eligible population.
  - Pride, low benefits, and problems with programs were among the reasons given for not participating.

Participants in private food assistance programs include families with children. Participation is due to lack of food and inadequate resources for food, housing, health area, etc. Reliance on private food assistance programs to meet shortfalls in government social programs is an approach about which we have serious reservations. Significant reduction in the demand for private food assistance programs will result only if there are changes in policies pertaining to employment, education and social assistance; reduction in health care and housing costs; and increased access to programs such as food stamps.

Currently we are assessing the feasibility of a community-based nutrition monitoring system which will provide decision-makers at each level of government with information regarding the nutritional status and needs within local communities. The information would contribute significantly to decisions regarding the Food Stamp Program and the Commodity Food Distribution Programs.

Like the Food Stamp Program, the EFNEP was a response to the crucial issue of hunger and malnutrition during the 1960's. It is implemented through the Cooperative Extension system linking the federal government, the state land-grant universities and local communities.

EFNEP, enclosed, describes these relationships in New York State as well as the characteristics of participants and the program outcomes. The EFNEP's success in facilitating desirable nutritional behavior and lifestyle changes among its participants can be attributed to the effective teaching of indigenous paraprofessionals who receive on-going support from Extension professionals and the program's voluntary, focused but flexible characteristics.

The EFNEP is a dynamic part of the USDA efforts to address needs of low-income families. One example is the cooperative effort among New York State Department of Agriculture and Markets, WIC, State Office for the Aging and

Cornell Cooperative Extension, to implement the Farmers Market Coupon Demonstration Project which also was ideal for recruiting WIC clients into the EFNEP.

Target areas for implementation of EFNEP also change with population changes. (Reduced funding has caused a reduction in the number of locations and paraprofessionals.) For example, in New York City, EFNEP paraprofessionals are effectively teaching "homeless" parents and youth who reside in transitional units and in hotels with some cooking and refrigeration facilities.

Food stamps are a critical resource for low-income families and individuals. Through EFNEP, we have learned that many food stamp recipients lack knowledge and skills to manage and use them effectively but are interested in improving and do adopt desirable practices. All food stamp recipients could have this opportunity, if Extension, the designated lead agency for education within USDA, were funded to give leadership to nutrition education opportunities for USDA's family food programs.

As a unit within Cornell, New York State land-grant university, we are interested in working with you and the USDA to strive for a well-nourished population in New York and throughout the United States.

I appreciate this opportunity to submit this testimony that highlights two of the programs, EFNEP and the New York Nutrition Surveillance Program, within the Division illustrate our linking research and education to address issues of hunger and under-nutrition within New York State.

(Attachment follows:)

PRIVATE FOOD ASSISTANCE IN NEW YORK STATE:

CHALLENGES FOR THE 1990S

Prepared by:

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ACKNOWLEDGEMENTS

This report is a synthesis of over four years of research on private food assistance in New York State. Many people's work and ideas contributed to this project. However, none of the research would have been possible without the cooperation and participation of the operators and clients of food pantries and soup kitchens in New York State.

The research was designed and completed by staff members and graduate students of Cornell University's Division of Nutritional Sciences. Funding for the research was provided by the New York State Department of Health. A special thanks goes to the staff at the Bureau of Nutrition, *Janice Dodds*, *Deborah Spicer*, *Tamera Lockwood*, and the Regional Public Health Nutritionists who provided advice on and assistance with many of the research projects. Staff at New York State's Departments of Health, Social Services, Education, and Labor also provided information for this report.

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Chapter 1

INTRODUCTION

During the 1980s, domestic hunger reemerged as a social and political issue. In the late 1960s, considerable public attention was focused on hunger, and, in the 1970s, a range of government food assistance programs were developed to alleviate the problem. Still, in the early 1980s, reports began to appear in the media about increasing numbers of people turning to private food assistance programs - food pantries and soup kitchens - to meet their basic food needs, and government and academic researchers once again focused attention on the issue of domestic hunger.

This report summarizes research conducted in Cornell University's Division of Nutritional Sciences on private food assistance programs that operated in local communities throughout New York State in the mid 1980s. Research was initiated in 1984 in response to a New York State Department of Health request to develop a way to monitor changes in the size and characteristics of the population using private food assistance. Over the past five years, this initial priority was expanded to include understanding the programs and the people they serve. This report was written to synthesize the research and to make it available to the broad range of people who work to meet the food needs of people in the state.

What Is Private Food Assistance?

Private food assistance, otherwise known as "emergency food relief," is the provision of free food to needy people by private, non-profit programs - food pantries or soup kitchens. In this report, food pantries are defined as private, non-profit programs that provide a short-term supply of dry, canned, or packaged food and, in some instances, food vouchers that can be redeemed at grocery stores or restaurants. These programs are sometimes called food cupboards, lockers, or closets. Soup kitchens are defined as private, non-profit programs that provide already prepared hot or cold meals or snacks. Some of these programs are missions or shelters that provide short-term housing as well as food. However, only missions or shelters that serve meals to nonresidents of their facilities are included in this discussion of soup kitchens. Although food pantries and soup kitchens may receive some public funds, they are distinct from government-sponsored feeding programs such as the National School Lunch and Breakfast Programs, and Congregate and Home-Delivered Meals Programs for the elderly.

The efforts of food pantries and soup kitchens are supported by food banks that collect and distribute donated food products, state and federally subsidized foods, and cooperative food purchases to member private food assistance programs in their region. Private food assistance is not the same as the United States Department of Agriculture's Needy Family Food Distribution Program (a component of their Temporary Food Assistance Program - TFAP), which distributes government surplus commodities to individual people. There is, however, some overlap among these food assistance efforts because commodity foods are occasionally stored in regional food banks, and some community organizations that distribute commodities may also operate food pantries or soup kitchens.

THE RESEARCH BASE

Five research projects completed by Cornell under contract with the New York State Department of Health form the basis of this paper. Because this report contains only an overview of the projects, the interested reader is encouraged to write for copies of the individual project reports for further details on methodologies and findings. (See Appendix A for a listing of the study reports.) In a few instances, project information was supplemented with data obtained from other studies. These, as well as other related New York State reports, are listed in Appendix B.

In the first project, Census/1984-1985, a census of private food assistance programs in New York State was conducted in the winter of 1984-1985. A comprehensive list of food pantries and soup kitchens was compiled by contacting social service, religious, and advocacy organizations in every county in New York State. Program staff were contacted by telephone to determine the level and nature of services provided, the sources of funding, and the demographic characteristics of the people using the programs.

In the second project, Monitoring/1985-1986, changes were documented in the level of private food assistance provided in each month from July 1985 through June 1986. A stratified random sample of program staff of the 252 food pantries and 106 soup kitchens identified in Census/1984-1985 were contacted by telephone monthly or quarterly to obtain information on the number of people served, changes in the subpopulations served, and problems encountered in providing services.

In the third project, SK Program Study/1986, the nutritional quality of meals served in New York State soup kitchens was assessed and program characteristics were related to the nutritional quality of the meals served. A total of 50 randomly selected soup kitchens, 24 from New York City and 26 from the rest of the state, participated in the study. A researcher observed each soup kitchen for one day, the foods served in the meals were recorded, and food service staff and program directors were interviewed about their food service programs.

In the fourth project, Food Pantry Study/1986-1987, food pantry programs were characterized and the relationship between food pantry use and food stamp program participation was examined. Staff from a random sample of food pantries outside of New York City provided information about the demographic characteristics of their clients, the use of food stamps by all clients who requested food during a month (September or October 1986, or March or April 1987), and the general operating policies and procedures of their program.

In the fifth project, SK Client Study/1987, the demographic characteristics, employment, income, housing, health care needs, and food program participation of soup kitchen clients were described. Twenty-eight of the 34 soup kitchen sites (82 percent) identified in Albany, Buffalo, Rochester, Syracuse, and Westchester County were used to provide the data in this study. Data were obtained by interviewing adult recipients of 501 randomly selected meals.

OVERVIEW

In this report, we summarize what was learned through these research projects and challenge some common ideas about private food assistance. The report is structured around fundamental questions about the nature of private food assistance that emerged over the course of these research efforts.

In Chapter 2, we explore the expansion of private food assistance efforts during the 1980s and outline some of the changes in the economic well-being of low-income New Yorkers that also took place during this period. In chapters 3 and 4, we consider private food assistance clients: who are they and why do they use these programs.

We question the idea that there is a typical private food assistance client, and that the need for food assistance is an unexpected, isolated emergency versus a recurrent and even somewhat predictable event. A characterization of private food assistance programs around the state is the focus of chapters 5 and 6. The primary question posed in Chapter 5 is how availabile is private food assistance across the state, while the nature of the programs and the assistance they provide is examined in Chapter 6. In Chapter 7, the extent of public sector involvement in private food assistance is explored. Finally, the information presented in each chapter is summarized to address the questions raised in the concluding chapter: what are the future challenges for private food assistance in New York State if everyone in the state is to have adequate food for active, healthy lives?'[1]

(The complete report is held in the committee files.)

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[1] World Bank, Poverty and Hunger: Issues and Options for food security in Developing Countries (Washington, D.C.: World Bank, 1986), p.1.

C. Campbell, S. Katamay, and C. Connolly, "The Role of Nutrition Professionals in the Hunger Debate, "Journal of the Canadian Dietetic Association, 49 (Fall, 1988), p. 235.

(Additional attachments are held in the committee files.)

HEARING TESTIMONY

CATHERINE M. MILLER, CHIEF
OFFICE OF GENERAL SERVICES
BUREAU OF GOVERNMENT DONATED FOODS

Before the
Committee on Agriculture
of the
U.S. House of Representatives

December 8, 1989

Mr. Chairman and members of the Agriculture Committee, I appreciate the opportunity to provide this testimony. The Bureau of Government Donated Foods in New York State is responsible for overseeing commodity distributions in seven federal food distribution programs: the National School Lunch Program, the Charitable Institutions Program, the Summer Camps Program, the Summer Feeding Program, the Nutrition Program for the Elderly, the Child Care Feeding Program, and the Temporary Emergency Food Assistance Program. In addition, we administer the new Soup Kitchen Program and provide reimbursements to eligible organizations under the Special Milk Program.

I am appreciative of the committee's interest in the commodity program as demonstrated by the passage of the Commodity Distribution Reform Act, and as further evidenced by your holding this series of hearings to review the impact of the improvements intended to be initiated as a result of the Act. Another impact which must be addressed is that of the reduced volume of commodities being distributed this year.

For several years in the late 1970's and early 1980's, acquisitions of various commodities by the United States Department of Agriculture (USDA) were such that enormous surplus stores developed. These commodities, which were largely dairy products, provided the impetus for the Temporary Emergency Food Assistance Program (TEFAP). The same commodities were provided in unlimited quantities to schools, child care centers, charitable institutions, elderly feeding sites, and other outlets as "bonus". (In effect, foods termed bonus by USDA mean they are provided in addition to the guaranteed entitlement level for that program.)

USDA's surpluses have now been depleted, with dairy commodities first reported as being in short supply in early 1988.

The effect of this situation on the various food distribution programs is significant. Originally it was felt that the depletion of dairy commodities would result in TEFAP being discontinued. However, because it was recognized this program met a need, Congress appropriated funds to purchase additional products for this program. Indeed, members of New York's TEFAP Advisory Council were extremely active in lobbying for the continuation of the program. Nonetheless, the volume of commodities has still decreased by as much as 50%, and approximately one-third of the total poundage we received in fiscal year 1989 was flour.

In recognition of the fact that New York State was receiving less food while simultaneously seeing a rise in the number of those in need, the Office of General Services (OGS) changed the method by which TEFAP foods were distributed in this state. In May 1989, foods in upstate New York were changed from five mass distributions annually to members of the state's food bank federation, so a constant stream of food could be made available to the state's food pantry network. We wanted to help assure that those who are hungry could receive this food assistance at the time they are in need of it. The distributions in New York City have continued in the same fashion as before. With the depletion of surplus foods, however, fewer commodities are being made available to organizations.

The National School Lunch Program in particular, is suffering a financial setback during the current school year as a result of the depletion of the bonus dairy commodities. During the 1988-89 school year, cheese and nonfat dry milk were available, although in more limited quantities than previous years. This year no dairy commodities of any type are being made available to schools, nor have any other foods been designated as bonus to help replace the value associated with the loss of these commodities. This reduction has had a serious negative impact on the budgets of recipient agencies. OGS has estimated that the value of dairy commodities received during the 1988-89 school year averaged 5¢ for all meals served, whether cheese was used during that meal or not. For school year 1987-88, the last year dairy commodities flowed without restriction, the loss is estimated to average 8.4¢ for all meals served. This does not include the value of other bonus commodities during that period, such as ground beef, frozen cherries, and ground pork. We estimate that schools which used bonus commodities most effectively achieved a donated food value of approximately 25-32¢ per meal. Thus, receiving only their entitlement value of 13.25¢ per meal this year feels like a cut of 50 % or more.

To exacerbate the situation further, the cost of replacing the formerly bonus dairy commodities on the open market has risen significantly, thus prohibiting as frequent usage of menu selections using cheese, such as pizza, as was previously the case.

The dairy shortage is not the only pinch our recipients are feeling. The result of the drought, as I understand it is a major cause for regular entitlement commodity shipments being delayed for a month or more. Consequently, our recipients are reporting they have had virtually no commodities with which to operate during the early months of the current federal fiscal year.

Beyond the impact the reduction in commodities is having on our recipient agencies, our office operations are also being adversely impacted. We contract with commercial warehouses throughout the state to store our commodities until they are released to eligible recipients. The bids submitted by the warehouses depend on estimates of the volume of food to be handled. The sharp decline in the volume of food has made it financially unattractive for at least one of our warehouses to continue to do business with the State of New York, and others have indicated they must seriously consider what increase in rates they must receive if we are to continue to use them. There is an extreme sense of frustration regarding the planning, management and budgeting based on historical data that has now apparently gone for naught. The outcome is clear: an increase in prices to make up for lost business.

The timing of the loss of commodities has been unfortunate in terms of the Commodity Distribution Reform Act. The act required several positive changes in how state agencies, as well as USDA, administer the food distribution programs. For example, the new regulations requiring minimum performance standards of state agencies mandate monthly distributions of commodities to recipient agencies. However, it is inefficient and illogical to expect schools to receive commodities during months when they are not in session. In addition, many of our Charitable Institutions are extremely small, thus making the cost of offering monthly distributions, instead of bi-monthly, as is now the case, excessive in terms of office and warehousing operations. The end result could be an increase in the assessment fee charged to recipient agencies, thus decreasing the attractiveness of commodities to participating organizations. Obviously, the larger the volume of commodities to be distributed, the more cost-effective monthly distributions will become.

The Elderly Feeding program in New York State currently has eighteen pilot programs participating in the receipt of commodities. Many of these chose to become pilots because of the value of the bonus commodities they could receive. Now that the bonus products have been virtually depleted, many of the pilots are reconsidering the cost-effectiveness of their participation. This does not serve either New York State or USDA well - USDA will not be able to distribute commodities if agencies choose not to participate in their programs, and New York State will lose the benefit of the various food distribution programs.

Because the availability of commodities has fluctuated widely, with products offered and then either reduced or cancelled entirely by USDA, this office began sending schools a monthly bulletin to help them stay apprised of the latest changes. Copies are also sent to child care centers and elderly feeding pilots. Because there are so many changes, the impression of recipient agencies is that they cannot count on their commodities until they are in the possession of the agency. Although the Commodity Distribution Reform Act requires this office to keep recipients informed regarding changes, the lack of a computer system at USDA to facilitate information dissemination has complicated our efforts to better serve our recipients.

The Commodity Distribution Reform Act also requires states to use commercial facilities for warehousing and distribution unless it can be proved an alternate system is more cost effective. While this concept makes great sense, it is not as logical when implementation is attempted. To begin implementation of this provision, this office must complete a comprehensive analysis of the costs of distributing our commodities under our current system, and compare them to the cost of distribution under a commercial system. The analysis alone will be costly, as there is no expertise at the state level to perform this service, and the analysis will have to be contracted out.

In New York State, we use commercial warehouses for storage of commodities, however, our recipient agencies pick up the commodities, or make their own arrangements for delivery. We are now required to implement a commercial delivery system in addition to the commercial warehousing system in place. This will be an extremely unpopular move for many of our recipients, as there will be an additional cost associated with commercial delivery that they do not all pay at the present time. Many of our recipients use other parts of their organization, such as the maintenance department or the building and grounds department to pick up their commodities at no cost to them. To have to start paying the state for this cost will be another financial burden they can ill afford during this time of scarce commodities.

As mentioned previously, this office has executed agreements with members of the state's food bank federation for storage and distribution of TEFAP and Soup Kitchen commodities. To be required to conduct the same analysis for these programs, and justify why this is a better system than using commercial warehousing and delivery systems seems nonsensical. The current method is one very specifically designed to meet the special needs of these particular programs. Application of the current law to this situation will be extremely difficult, at best. It is my strong recommendation that all non-school programs be exempted from this requirement of the law.

The Commodity Distribution Reform Act also requires semiannual collection of input from recipient agencies about the donated food program. This is an arduous and paper intensive project, which does not, in my opinion, provide the intended benefit. I believe that effective use of one acceptability survey each year, combined with effective use of input from such sources as complaints, the National Association of State Agencies for Food Distribution and the American School Food Service Association would meet the intent of this provision at least as well as the current requirement. I have observed an improvement in USDA's responsiveness to complaints since the implementation of this requirement, and believe that a continuation of this, combined with an annual collection of acceptability data, would result in the effect intended by Congress.

Finally, but of great significance, it should be noted the Commodity Distribution Reform Act has added tremendous strain on the office's resources, both staff and financial. This office must recover all its costs by charging back its recipient agencies. Therefore, the more initiatives we undertake to comply with the requirements of the Act, the more resources, both fiscal and human, we will need to expend. The cost will ultimately be borne by our recipients. It seems unfair to require implementation of initiatives which our recipients do not desire and simultaneously require them to pay for the "improvements". Because the support for a school lunch by a paying child is about equally split between cash and commodities, I would urge Congress to approve state administrative expense funding to be appropriated specifically for the food distribution program.

Providing further processed end products using donated commodities to recipients may be the final key to the effectiveness of the food distribution program. In recognition of this, New York State has developed what we believe to be one of the finest state processing programs in the country. However, the result of regulations targeted at increasing the accountability of the processing program, has been that many processors are choosing to withdraw from participation. The number of processors participating in our program this year is approximately 66% of what it was three years ago. Worse, many of those who are choosing to withdraw are the small, local companies that served a very limited number of recipients. These companies met the specific needs of their limited clientele extremely well, but are not large enough to be able to comply with the federal regulations governing this program, especially those requiring inspection and grading of meat and poultry products. The result is that, with very few exceptions, only very large, regionally or nationally based companies are now participating as processors. A review of this situation would be most welcome.

There are two national programs which encourage the processing of commodities into different end products: the National Commodities Processing (NCP) program and the State Option Contract (SOC) program. New York State supports both of these programs as innovative and effective ways of better utilizing commodities. Unfortunately, since NCP is only authorized to use bonus commodities, its effectiveness has been significantly reduced by the loss of the bonus dairy products. Many of our recipients would welcome USDA's expansion of NCP to include such hard to use commodities as dried fruits. At present, we are unable to participate in the SOC program, as we do not have a mechanism in place which would allow our payment of the processing cost within the required time frame. If Congress were to amend the law to permit USDA to use Section 32 funds to cover the cost of processing until we could repay USDA, it might allow our participation in this innovative program.

Again, thank you for this opportunity. I would be happy to provide additional input or answer any questions.

TESTIMONY OF JOSEPH MONSERRAT
ADVISOR METROPOLITAN SPANISH MERCHANTS ASSOCIATION
BEFORE THE
HOUSE AGRICULTURE COMMITTEE - 1990 FARM BILL

DECEMBER 8, 1989

Mr. Chairman, distinguished members of the House Agriculture Committee:

My name is Joseph Monserrat. I am advisor of the Metropolitan Spanish Merchants Association whose President is Mr. Johnny Torres. Ours is an organization composed of small Spanish food retailers usually referred to as "bodegueros." most of whom are either Puerto Rican or Dominican and who are in close contact with your constituents, day by day, supplying their most basic needs.

I appear before you to address the issue of food stamps and equity as defined in the 1990 Farm Bill. I specifically want to address this issue as it relates to the Commonwealth of Puerto Rico and the more than 3.3 million United States citizens who reside there, and the other 2.2 million United States citizens of Puerto Rican birth or ancestry who live in all of the 50 stats. I address this issue in terms of both Puerto Rico and the states, in recognition of the strong bonds between the island of Puerto Rico and the Puerto Rican communities in the states. These are bonds which are nurtured by the constant population flow to and from the islands, and by the human ties that link our communities together.

Congressmen, I am here to address an issue of basic social justice. I am here to assure that the 1990 Farm Bill under consideration follows the basic aims and the philosophy of the Food Stamp program, which is to assure that the full nutritional needs of all U.S., citizens are met. I have to do so because under the present program, the treatment offered those 3.3 million U. S.. citizens residing in the Commonwealth of Puerto Rico is different and substantially less than that offered their 2.2 million brothers and sisters and aunts and uncles and cousins and former neighbors whose live throughout the rest of the Union.

The problem is simply stated. The United States citizens residing in the Commonwealth of Puerto Rico are the ONLY US citizens who do not qualify for or receive full assistance under the Food Stamp Program. Their fellow citizens living next door in the Virgin Island, (including fellow Puerto Ricans who live on St. Croix), receive - as they should -the full benefits of the program. So do their fellow citizens who live half way round the world in the Commonwealth of the Northern Marianas or on Guam.

Like Puerto Rico none of these areas is a federated state. And yet, all U.S. citizens residing in these areas are entitled - and properly so - to participate fully in the Food Stamp Program. It would seem therefore that eligible US citizens geographically residing anywhere within the American Union can qualify for the full benefits under the Food Stamp Program. All, that is, except the U.S. citizens who live in Puerto Rico.

Congressmen, this situation is wrong and unfair. Aliens who reside in any one of states presently qualify and receive full nutritional assistance even though they are not citizens of the United States, while U.S. citizens who reside in Puerto Rico are excluded from full participation in these benefits. The only reason for this unfortunate inequity is geographical. There is no justification for drawing such a dangerous distinction between citizens of the same country. yet such is the present situation, and it is in your hands, as members of the principal legislative body of the Nation and one of the most powerful institutions in the world -the United States Congress- to redress this terrible inequity.

This situation dates back to 1982, when the citizens of the United States residing in Puerto Rico were excluded from the Food Stamp Program: a program they had been fully participating in since 1974. The new nutritional assistance block grant, which substituted the Food Stamp program in Puerto Rico was capped and reduced the levels of participation in the island be close to 25%. Through this exclusion Congress withdrew the basic nutritional safety net from close to 100,000 needy families in the Commonwealth of Puerto Rico, effectively reducing food imports and consumption in Puerto Rico

To underscore the reality of this inequality and demonstrate that it is not just philosophical, but one that directly affects the very lives and well being of every poor family in Puerto Rico, let me present some facts:

> When Puerto Rico was removed form the Food Stamp Program 100,000 needy Puerto Rican families were denied assistance.
>
> Those who remained covered under the National Assistance Program's special block grant that replaced the Food Stamp Program, received funding at a level 25 percent below what poor families were then receiving.
>
> During the next five years, although there was no increase in the nutritional assistance granted, food cost in Puerto Rico grew at rate higher than in the States. The food that cost a family in the States $100 cost a family in Puerto Rico 112.20 or 12.2 % more.

Puerto Rico's per capita income is only half as much as the per capita income of the poorest state in the Union.

Almost 50% (49.59%) of the food consumed in Puerto Rico is imported: primarily from the U.S.

Because so much of Puerto Rico's food must be imported, food costs on the Island are almost 38 % higher than food costs in Washington, D.C.

The unemployment rate in Puerto Rico in 1988 equalled 15.9 % (down from 23% in 1983) compared to an 5 % unemployment rate in the U.S.

As a result of all the above, per capita food consumption in Puerto Rico is 40 percent less than in the United States.

Yet, in the light of these realities, the average poor family of four in Puerto Rico, receives $199 under the capped nutritional assistance program grant, while, their counterparts throughout the rest of the Union receive an allotment of $331.

And, the inequality does not stop here: there is more! To be eligible for nutritional assistance under the national Food Stamp Program the annual income of qualifying families must be $15,732 or less. In Puerto Rico the annual income eligibility level is capped at $8,000.

That the federal Government recognizes the difference in the cost of living between the Island and the States is expressed by the fact that federal employees working in Puerto Rico receive a costs of living differential of 10 percent. This cost of living allowance includes payment for the differential in food prices between Puerto Rico and the States.

Let me summarize: in the Commonwealth of Puerto Rico, a part of the American federation, citizens residing there and who qualify for the national Food Stamp program are treated totally different from other citizens. Those who reside in Puerto Rico do not qualify for the program simply because they live in Puerto Rico. Citizens who reside anywhere else the Union and who qualify, receive the full benefits of the nutritional assistance under the Food Stamp Program. This is so despite a Constitutional requirement that all U.S. citizens receive equal treatment under the law.

This disparity is unfortunate, unfair and unjustifiable, and it is within your power to redress it. The people of Puerto Rico, as U.S. citizens should not be singled out from participation in this essential program The hungry children of

Puerto Rico should not continue to suffer from this inequity.

I sincerely urge this Committee to restore parity and equal citizenship to the United States citizens who are residents of the Commonwealth of Puerto Rico by once again including them in the Food Stamp Program on an equal footing with all other citizens.

Thank you.

The City of New York

HUMAN RESOURCES ADMINISTRATION
FOOD STAMP PROGRAM
253 BROADWAY, NEW YORK, N.Y. 10007

W-2-310

WILLIAM J. GRINKER
Administrator/Commissioner

ALLEN KRAUS
Deputy Commissioner
Income Maintenance Programs

December 14, 1989

Ms. Julie Paradis
Subcommittee on Domestic Marketing
Committee on Agriculture
United States House of Representatives
1301 Longworth Building
Washington, D.C. 20515

Dear Ms. Paradis:

My name is Benjamin Solowitz and I am the Director of the Food Stamp Program in New York City, a position that I have held since 1978.

I was in attendance at the Food Stamp reauthorization hearing held by the subcommittee on December 8, 1989 at the Hunts Point Food Distribution Center in the Bronx.

The hearing was held primarily to hear the views of attendees relating to certain of the emergency Food Stamp provisions applicable to homeless families living in hotels. However, I spoke to Mr. Xavier Equihua, Staff Assistant of the Committee on Agriculture, who advised me that you were interested in obtaining from interested parties their written statements regarding desirable changes in the Food Stamp regulations. He suggested that I write to you and present my views on the subject.

Desirable changes, in priority order, follow:

- Replace the Thrifty Food Plan (TFP) with the Low Cost Food Plan as the basis for determining the cost of food, thereby increasing Food Stamp allotments.

  The TFP is based on estimates made by USDA nutritionists of what expert nutritionist-shoppers with ample cooking and food storage facilities need spend to feed a family of four. It is the same for all of the contiguous 48 states and makes no allowance for variations in food costs by region or community.

The Low Cost Food Plan, at about 30% higher than the TFP, more closely reflects the real food costs for low income households.

- Remove the cap on the excess shelter cost deduction.

For households containing a disabled or elderly member, there is no maximum excess shelter cost deduction. For all other households there is a $170 cap on that deduction. The cap was originally imposed when there were no gross income limits. It was intended to keep high income households from Food Stamp participation. Gross income limits are now in effect, so that the original reason for setting the cap on the excess shelter deduction no longer applies.

The cap on the excess shelter deduction only serves to restrict Food Stamp benefits for households who do not have enough money for food because they are burdened by high shelter costs.

- Revise the rules that mandate that parents and their adult children and siblings who share the same quarters, unless the parents or siblings are elderly or disabled, cannot be separate Food Stamp households.

In many cities throughout our nation there exists an acute housing shortage and attendant high free-market rents resulting in massive "doubling up" of two or more households in quarters intended for one. In New York City alone up to a quarter of a million families are believed to be doubled or tripled up in apartments with relatives or friends.

Forcing separate households who live together to apply as one punishes them for living together by reducing their Food Stamp benefits. This not only is unfair but it can exacerbate strained relationships and lead to evictions and homelessness.

- Raise the $4500 resource exclusion amount for motor vehicles.

This is the exclusion amount that was promulgated in the Food Stamp Act of 1977. The exclusion amount has not been increased despite 12 years of inflation. The low exclusion amount means that many working poor who depend on their cars for transportation are denied Food Stamps.

- Do not count the first $50 of child support as income.

The AFDC rules exclude this amount in order to give an incentive for absent parents to pay child support. The Food Stamp rules undermines the incentive by counting the contribution and reducing benefits.

I would also like to take this opportunity to inform you about certain measures that the New York City Food Stamp Program has taken to lower the barriers to participation among the elderly and disabled.

We established an SSI Food Stamp Office to process the applications of "SSI Live-Alone" households by mail. These are households comprised of a single SSI recipient, or a couple who both receive SSI. A simplified application form tailored for these households is used (appended). An on-line computer system provides Food Stamp staff access to the New York State SDX file, which provides verification of income and other household circumstances. This decreases significantly the number of applications deferred for additional verification. We currently provide benefits to 81,000 SSI recipients.

We also established a Homebound Office to process by mail with telephone interview the applications of households that are homebound or mobility restricted (unable to use public transportation). We currently provide benefits to 3,800 homebound/mobility restricted households.

New York City would have fewer disabled and elderly participants if we did not employ the special procedures described above. My final recommendation is that USDA encourage the nation-wide use of these and other procedures that lower the barriers to participation without risking Program integrity.

Thank you for giving me the opportunity to express my views in this matter. Please feel free to contact me if you have any questions.

Sincerely,

Benjamin Solowitz, Director
NYC Food Stamp Program

BS:aw
cc: X. Equihua

FOOD STAMP PROGRAM AND COMMODITY DISTRIBUTION PROGRAMS IN THE 1990 FARM BILL

WEDNESDAY, FEBRUARY 28, 1990

House of Representatives,
Subcommittee on Domestic Marketing,
Consumer Relations, and Nutrition,
Committee on Agriculture,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:35 a.m., in room 1302, Longworth House Office Building, Hon. Charles Hatcher (chairman of the subcommittee) presiding.

Present: Representatives Glickman, Espy, Sarpalius, Emerson, and Herger.

Also present: Representative E (Kika) de la Garza, chairman of the committee, and Resident Commissioner Fuster.

Staff present: Vernie Hubert, associate counsel; Charles Hilty, minority staff director; John E. Hogan, minority counsel; Glenda L. Temple, clerk; Julia M. Paradis, Dean Mitchell, James A. Davis, Xavier Equihua, and Lynn Gallagher.

OPENING STATEMENT OF HON. CHARLES HATCHER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. Hatcher. Good morning. The subcommittee will come to order. Welcome to this hearing of the Domestic Marketing, Consumer Relations, and Nutrition Subcommittee. This is the ninth hearing that this subcommittee has held during this Congress regarding our Federal nutrition programs.

We have, at this point, compiled an impressive record on the value of these programs to the poor and hungry in our country, and the need to continue to find ways to strengthen and improve these programs.

As most of you here today know, Mr. Panetta and others yesterday introduced a major hunger relief initiative, the "Mickey Leland Memorial Domestic Hunger Relief Act." This bill is H.R. 4110, and it addresses many of the concerns that we have heard about in our previous eight subcommittee hearings.

I would like to thank Mr. Panetta and Mr. Emerson for their continued leadership in the fight against hunger in this country. As a cosponsor of that legislation, I have pledged my full support for its provisions.

This morning, the subcommittee will finish its work of taking testimony, and after that we will begin marking up the nutrition title of the 1990 farm bill. I want to take this opportunity to thank all of the witnesses who will give testimony today, and those of you who may be here who have testified in the eight prior hearings.

Testimony taken this morning will hopefully fill some gaps that have been left in the hearing record to date. We look forward to hearing from our colleague, Congressman Ron Wyden, and from the Department of Agriculture's Office of the Inspector General on the issue of the food stamp trafficking. It is a serious problem, and I plan to address it in the nutrition title of the farm bill.

The new Food and Nutrition Administrator, Betty Jo Nelsen, will bring before us the administration's new proposal. We will learn more about childhood hunger from those responsible for a comprehensive survey to identify hunger among children. Hungry children represent a particularly compelling need, which we simply must address.

We will hear from representatives of the Nation's Governors, and from many counties that administer the program, on how the program can be improved to be made more efficient. Two of our witnesses today work daily with the poor and hungry in our cities, and will provide the closest perspective on how the Food Stamp Program impacts recipients.

We look forward to hearing from Dr. Ann Peisher of Athens, Georgia, about how we can improve our education efforts among the recipients of Federal benefits.

As you can see, we do have a busy schedule this morning, and we do want to finish this morning. I believe it is important to hear from as many people as possible who are in a position to advise the subcommittee. We have learned a great deal in the past 10 months about the nutrition programs and how they operate, and how they could be made better. We intend to improve and strengthen them in this farm bill.

We appreciate the input of all those who have written to us, and who have testified before the subcommittee. We look to you for continued support in the important work of reauthorization of the Federal Food Stamp Program.

Mr. Emerson.

OPENING STATEMENT OF HON. BILL EMERSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI

Mr. Emerson. Thank you, Mr. Chairman. I want to welcome our witnesses and others to what is probably our final hearing before our subcommittee proceeds to markup the nutrition title of the 1990 Food Security Act. In 1985, Chairman de la Garza named what we usually call the farm bill the Food Security Act.

I believe that is an appropriate title to give a piece of legislation that ultimately sets the food policy for the United States. Whether they are programs for farmers, conservation, research, or distribution of food assistance for needy families, all are part of the desire to keep the United States the best fed Nation in the world.

Yesterday, several of our colleagues, including Chairman Hatcher and I, introduced the Mickey Leland Memorial Hunger Relief Act. That bill would accomplish several goals; reauthorization of the Food Stamp Program, TEFAP, and other important food assistance programs. It provides additional funding for improvement and some reform of the programs. It is a good bill; nevertheless, it is a starting point for consideration of several issues that are before our subcommittee which are of great importance to our members.

The administration has announced its proposals for consideration during this reauthorization period, and it is my hope that the subcommittee will seriously consider these recommendations.

I recently received a letter from a young man in my district. He and his mother and sister receive food stamps. In part of his letter he asked "Why for the past 5 years have no Government officials been able to obtain child support from my divorced father? Why has no one been able to dock his paycheck? Why are laws made but not always enforced?"

The administration has proposed a measure that will, I think, make the services of child support enforcement agencies available to food stamp participants. While I await the specific proposal of the administration, I believe the primary responsibility for children rests with both parents, with assistance from Federal programs available when necessary as a supplement.

We must make sure families receiving food stamps have the benefit of the Child Support Enforcement Program.

Additionally, my colleague, Congressman Ron Wyden, and I have joined together to introduce a bill entitled the "Food Stamp Trafficking Prevention and Penalty Act." Ron will testify before the subcommittee today on this very important subject, as will representatives of the Inspector General's Office of the USDA.

An increasing number of investigations have identified individuals and stores which are accepting food stamps in exchange for illegal drugs. In my own State of Missouri, according to the report of the Inspector General, an investigation led to the conviction of eight persons for food stamp trafficking and drug charges. The eight who were convicted exchanged $6,000 in cash and cocaine for $66,000 in food stamps. These and other investigations convince me that increased trafficking in food stamps deprives needy people of benefits and does great harm to the Food Stamp Program.

These and other matters will be a part of the reauthorization of the programs before the subcommittee. I look forward to working with Chairman Hatcher and others as we address these important subjects.

I welcome all of our witnesses here today, and Mr. Chairman, I thank you.

Mr. HATCHER. Thank you, Mr. Emerson.

Our first witness this morning is Representative Ron Wyden from Oregon. Welcome, Ron.

STATEMENT OF HON. RON WYDEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

Mr. WYDEN. Thank you very much, Mr. Chairman.

With your consent, Mr. Chairman, I have a statement that I would like to submit for the record, and I will just summarize a few of my principles.

First of all, I want to thank you and our friend Bill Emerson and your fine staffs for the consistent and tremendous support that you have given t‹ developing my legislation. You are experts in this area. I appreciate your assistance.

I would also like to thank the USDA, they have been extremely helpful and have gotten a great program together. We really have needed power legislation. It really is an example of how an agency has cooperated with the help of others to address the problem.

As Congressman Emerson said, the legislation I drafted is bipartisan, two of us Democrats and two of us Republicans, and I am very interested in working with Members of both sides.

It is quite clear to me—Bill touched on it in his area—that food stamps are increasingly being used as the currency of an underground drug economy. The fact is that the Food Stamp Program is now losing millions of dollars each year because food stamps are illegally being traded for drugs, and other tools that are used by the criminal element.

I want to take a second to describe how something like this takes place, in simplified terms. If you have a drug dealer with $50 of drugs, they may approach a food stamp recipient, and say to that person "I will give you $50 worth of drugs if you give me $100 of your food stamps." The food stamp recipient who perhaps wants the drugs would say "Sure, I'll do it."

The 100 dollars' worth of food stamps are turned over to the drug dealers, the food stamp recipient gets his drugs, and he is on his way. The drug dealer now has 100 dollars' worth of food stamps in his hands, and he goes to the grocer, who unfortunately, we have found in some instances, is corrupt. The drug dealer says to the grocer, "I'll give you 100 dollars' worth of food stamps if you give me $75 in cash." The grocer says "Fine, I'll do it," and hands the drug dealer $75 in cash, and the drug dealer is on his way.

Then the grocer has the stamps worth $100 in his hands. He redeems them and gets the $100 cash, and of course, how can you give it all away in food? So the grocer is right at the center of this network of illegal activity. They are really the target of our legislation.

One of my concerns is that the whole system today was really built around who initially gets the stamps—who gets them at the outset, and who is eligible. Somehow we have not put enough emphasis on where those stamps go after they are initially distributed.

The fact is that the grocer does not hand the cash over to the drug dealer. The whole transaction breaks down in the process I described to you before. They can't literally trade these stamps without the help of a grocer somewhere down the line.

What I have done in my legislation is basically take three steps to reverse this problem. First we give the stamp traffickers the same penalties that are given to money launderers. We are talking about a $500,000 fine and a 20-year prison sentence being available to a judge.

What we have been told by prosecutors and food stamp officials is that the present system is rather like a slap on the wrist. It can go up to a $10,000 fine and a 5-year term. Those are rarely used, and if we regard this offense as a serious one, I think we have to up the ante in terms of punishment.

The second part of my bill would set up a system to cross-check grocers to ensure that crooked ones do not get back into the program after they have been kicked out. In this cross-checking we would have grocers supply USDA their employer identification number.

We don't need any big bureaucracy, or a big redtape kind of system. They would just use their employer identification number. There would be a small number who are in the program that are sole proprietors with no employees. Those individuals would instead supply their social security numbers.

The third part of my legislation would stipulate that individuals convicted of a crime would be subject to Federal asset seizure and forfeiture so that the Government could seize the property obtained from illegal activities. The proceeds from these fines and forfeited assets would reimburse the State and Federal agencies the cost of the investigation and prosecution, and the remainder of the money would be directed back to the Food Stamp Program, feeding yet more hungry people.

The last point I want to make, Mr. Chairman, is that our investigators, with the help of the USDA, turned up instances of this problem all over the country. This is not isolated to one region. The West certainly has a very serious problem.

We have found that across the country, even in the chairman's area, Georgia, there were four separate investigations between September 15, 1983 and September 18, 1989, where owners of a particular market there purchased $36,000 in food stamps and $24,000 in U.S. currency. These figures represented controlled buys where special agents engaged in the illegal transactions with the subjects.

This company was fronting for four other wholesale or discount meat vans that would be parked in front of food stamp offices waiting for recipients to leave. This is the most important part, Mr. Chairman. Research of the Food and Nutrition Service records indicates that about $7.6 million in food stamps were redeemed through these business.

In the chairman's area, and in my area, we see the problem. In the Los Angeles Times it was recently reported that owners of a grocery had been convicted of illegal trafficking $1.6 million of food stamps.

Everywhere we go, and my staff has been in contact with social services providers and law enforcement officials, we have to get a response to this problem. It has increased and there is a concern that this may involve possibly as much as 10 percent of the stamps being used in drug activity.

The last point I want to make, Mr. Chairman, is that we obviously know that kind of ripoff, where food stamps are being used to trade for drugs, hurts our needy citizens. We have found increased incidence of hunger in this country, and I support an expansion of the Food Stamp Program.

I thank you, Mr. Chairman, and Mr. Emerson, who have been very concerned about the increased incidents of hunger. It seems that those of us who want to expand this program, and serve more hungry people have a special obligation to the taxpayer to make sure that we root out the fraud and the illegal activity that is being engaged in with food stamps.

I come to you in that fashion, because I would like to see this program used to serve more needy people. I think at the same time, we have to send a message to the taxpayer that we will not tolerate this kind of illegal activity being done in the name of fighting hunger.

I thank you again. You have been very helpful and I am appreciative.

[The prepared statement of Mr. Wyden appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you, Mr. Wyden.

I share your concern about the benefits of an improved Food Stamp Program being syphoned off into the illegal purchases and activities. In addition to the drug connection down home, at least there was suspicion that they were being traded for Florida lottery tickets. We have more than one abuse going on, and I hope we can take a good look at your legislation in this title.

Mr. Emerson.

Mr. EMERSON. Thank you, Mr. Chairman.

First of all, I want to welcome you to this subcommittee of the Agriculture Committee. I am delighted that you came here today to testify. I am glad to cosponsor your legislation. It is a very worthwhile measure and I agree with you that trafficking in the Food Stamp Program has become a very serious problem. As I mentioned in my opening statement I know there is trafficking in Missouri, and I know there are similar stories which indeed you have outlined in your superior testimony to the subcommittee.

Some would say that if we issued cash instead of food stamps, we wouldn't have the problem of this trafficking. I don't agree. I think we would still have the same problems, we just wouldn't see the problems. We need to be very careful about that.

Ron, are you aware, through your research for your introduction of your bill, of an increase over the years of trafficking in food stamps, and do you see it very directly related to the drug menace in this country?

Mr. WYDEN. I certainly do, Bill. Every area in the country we contacted—and I had a very good intern who has contacted every part of the country—we are seeing an increase in it. Some areas have done extensive work in dealing with specific cases like the one in Atlanta, in Los Angeles, in Albuquerque, and Kansas City. Every part of the country that we contacted said that the drug problem, because it has gotten worse, has led to much more creative ways to generate cash from these drug deals.

Yes, it is unquestionably on the upswing, and I think you will hear that from all the witnesses in the days ahead as you deliberate.

Mr. EMERSON. Do you think the penalties in this act are insufficient or truly address this problem?

Mr. WYDEN. I have been told by prosecutors that under the current system it really almost acts as a disincentive to breaking major cases. It carries only a $10,000 fine. That's the least cost of doing business for somebody. In many instances, we have been told the fines don't even go up that high.

If we want to send a message that this is really outrageous conduct to ripoff the Food Stamp Program and hurt the needy and promote drug dealing at the same time, I think we ought to say this is going to take a big leap in fines and penalties along the lines of what we have for drug running.

Mr. **Emerson**. Your bill will subject food stamp traffickers to Federal assets seizure and forfeiture, which is not now allowed. I think the penalties of your bill are necessary and that they will provide a very useful tool as a preventive measure as we look to reduce food stamp trafficking. I thank you for your contribution.

Mr. **Wyden**. I would like to make one other point, Mr. Chairman, and maybe follow up on Bill's comment.

The vast majority of grocers in this country are honest and law-abiding. In Oregon, we have the support of the grocer organization. The problem nationally is significant. We are talking possibly about 10 percent of the volume of food stamps that is lost to fraud of all types. That's the number that was given to me by some officials, but I just want to make it clear that unfortunately, a fairly small number of corrupt grocers can inflict a lot of harm on the program.

Mr. **Hatcher**. Thank you very much, Ron.

Mr. **Wyden**. Thank you, Mr. Chairman.

For the purpose of introducing our next witness, I present the Honorable Jaime Fuster of Puerto Rico.

We welcome you.

Mr. **Fuster**. Mr. Chairman and members of the subcommittee, good morning.

I appreciate the opportunity to appear before you this morning.

I ask that my letter to the chairman on January 23, 1990 be made part of the record, together with a letter that I submitted on February 23, 1990. Mr. Chairman, I ask that both letters be made a part of the record.

Mr. **Hatcher**. Without objection.

[The letters follow:]

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PUBLIC LANDS

EDUCATION AND LABOR
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CHAIRMAN HISPANIC CAUCUS

January 23, 1990

Hon. Charles Hatcher
Chairman
Subcommittee on Domestic Marketing,
 Consumer Relations and Nutrition
U.S. House of Representatives
1336 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Hatcher:

As your Subcommittee prepares to hold hearings February 28, I write in support of full parity for Puerto Rico in the Food Stamp Program, which is up for reauthorization this fiscal year.

As you know, Puerto Rico was taken out of the Food Stamp Program in 1981, replaced with a block grant Nutrition Assistance Program, or NAP, which was initially capped at $825 million and is now capped at $936 million. Although NAP commendably gives the Commonwealth of Puerto Rico broad flexibility to establish its own food assistance program that is specifically tailored to the needs of its low-income households, it is fundamentally unfair to put a limit on our funding.

We are now proposing a return to full parity for Puerto Rico in the national Food Stamp Program--a program in which we had been fully participating from 1974 to 1981.

Puerto Rico currently has both lower benefit levels, resulting in average monthly payments of $52 per person, compared with $77 on the U.S. mainland, and lower cutoffs for eligible income levels for each family size. This is unfair to the 3.5 million United States citizens who live in Puerto Rico. Such U.S. citizens residing in Puerto Rico are the only U.S. citizens who do not qualify for or receive full assistance in the Food Stamp Program. At heart, it is a question of equity, of basic social justice. Moreover, by excluding so many persons in 1981, the Congress withdrew the basic nutritional safety net for almost 100,000 needy families in Puerto Rico.

Even today, with our Nutrition Assistance Program funding up to $936 million, that increased level is scarcely adequate. NAP participants in Puerto Rico, which totaled 438,000 households in 1989, even today receive fewer benefits than their counterparts in the mainland United States. A family of four on the mainland can have a gross income of $12,000 a year and still receive maximum monthly benefits of $298. But in Puerto Rico the same family cannot receive NAP benefits if its income is greater than $8,904 and, if eligible, would only receive $199 in benefits--despite the fact that food costs in Puerto Rico are higher than the national average.

The limited nutritional assistance that the needy in Puerto Rico receive is particularly insufficient when you consider that Puerto Rico does not participate in several major federal assistance programs that also help their counterparts on the mainland, such as Supplemental Security Income, and that Puerto Ricans participate only to a limited extent in various programs for the needy, such as AFDC, Medicare, Medicaid and others.

Thus, Mr. Chairman, there is the unfortunate situation of Puerto Ricans, most of whom are more needy than their counterparts on the mainland, getting fewer benefits for their plight than their companion U.S. citizens elsewhere--compounded by the fact that food costs are higher on an island like Puerto Rico.

The bottom line is that the poor Americans who live in Puerto Rico not only receive food assistance which is grossly inadequate to meet their nutritional needs, but that they are also subjected to a form of economic discrimination which other disadvantaged citizens do not experience. Thus, I urge you to support the return to full parity for Puerto Rico in the program, and I look forward to meeting with you to supply more convincing data to support this request.

With warm personal regards, I am

Sincerely yours,

Jaime B Fuster

Jaime B. Fuster
Member of Congress

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SUBCOMMITTEE:
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February 23, 1990

Hon. Charles Hatcher, Chairman
Subcommittee on Domestic Marketing,
Consumer Relations and Nutrition
U.S. House of Representatives
1336 Longworth HOB
Washington, D. C. 20515

Dear Chairman Hatcher:

In its February 21 report to the Committee on the Budget the House's full Interior and Insular Affairs Committee approved the following language pertaining to the Nutrition Assistance Program for Puerto Rico.

> "No change in the federal budget during the 1980's was more unfair than the exclusion of needy Puerto Ricans from the Food Stamps program in 1982."
>
> "The Committee believes that needy Americans in Puerto Rico should receive federal assistance for the needy on an equitable basis with other Americans. It notes that the needy in Puerto Rico are also treated inequitably under the other major programs of assistance for the needy."
>
> "The Committee, accordingly, proposes that the nutrition assistance program be continued and that gradual increases in it phase-in equitable treatment of the needy in Puerto Rico. It proposes a fiscal year 1991 level $50 million higher than the present amount (or $987,500,000.)"
>
> "Finally, the Committee recommends that Puerto Rico--and the Americans who inhabit the island--be treated equitably in any new legislation enacted so that further lack of parity does not have to be confronted."

(Full text of appropriate section of the report is attached.)

I trust that your Subcommittee in its deliberations will take into account the Interior Committee's conclusions and make similar recommendations to the Budget Committee.

The attached declarations of Chairmen Kika de la Garza of the Agriculture Committee in the House and Patrick Leahy of the Agriculture Committee in the Senate also express strong support for the proposals the Commonwealth of Puerto Rico is advancing on this key issue so important to the 3.5 million U.S. citizens of Puerto Rico.

Sincerely,

Jaime B Fuster

Jaime B. Fuster
Member of Congress

(Attachments follow:)

PUERTO RICO

Assistance for Nutrition and the Needy (Nutrition and Special Assistance for Puerto Rico)

No change in the federal budget during the 1980s was more unfair than the exclusion of needy Puerto Ricans from the Food Stamps program in 1982. The Budget Reconciliation Act of 1981 replaced Puerto Rican eligibility for food stamps with an Agriculture Department block grant initially set at $825 million. The purpose of the change was simply to save money.

The level of the grant meant that 100,000 needy American families who would have still qualified for food stamps elsewhere in the Nation (including territories) had to be denied nutrition assistance in Puerto Rico. It also meant that Puerto Rico could only provide those who continued to receive nutrition assistance with a lesser amount of assistance than food stamps would have provided them. It is particularly unfair in light of the relatively higher food costs in Puerto Rico.

Progressive increases in the amount of the grant approved over the objections of the Executive Branch have raised it to $936,750,000 at present. Even this larger amount, though, is still hundreds of millions of dollars less than the amount of nutrition assistance that food stamps would provide.

The President's budget proposes no funding for the grant for fiscal year 1991. Acceptance of this proposal would effectively eliminate federal nutrition assistance for needy Americans in Puerto Rico.

The President has, though, proposed the creation of a new Health and Human Services Department block grant for Puerto Rico to provide special assistance to the needy there. This $825 million grant would be used to meet needs determined locally (with federal approval.) These needs could (but would not be required to) include nutrition needs.

The Committee believes that needy Americans in Puerto Rico should receive federal assistance for the needy on an equitable basis with other Americans. It notes that the needy in Puerto Rico are also treated inequitably under the other major programs of assistance for the needy.

This lack of parity means that basic human needs go unmet and compels needy Puerto Ricans to move to the States (where they can automatically receive assistance equal to that provided other needy Americans.)

The disparity between the assistance that the needy in Puerto Rico receive and the assistance received by other needy Americans is particularly great in the case of the aged, blind, and disabled. These needy receive an average of $32 per month in Puerto Rico, an eleventh of the average amount provided persons in similar circumstances in the States.

Federal assistance for needy aged, blind, and disabled as well as families with dependent children in Puerto Rico is limited to $82 million; federal assistance for the medically needy there is limited to $79 million. When combined with the current limitation on federal nutrition assistance, these amounts are some $2 billion less than equal treatment with other Americans would require.

Because the disparity is so great, the Committee recognizes that its goal of equitable treatment under all of these programs may have to be accomplished over several years. Fiscal and political realities dictate that the needed amounts may have to be phased-in.

The Committee, accordingly, proposes that the nutrition assistance program be continued and that gradual increases in it phase-in equitable treatment of the needy in Puerto Rico. It proposes a fiscal year 1991 level $50 million higher than the present amount (or $987,500,000.)

The Committee would further support acceptance of the President's proposal for a grant of $825 million to provide locally-determined assistance to the needy in Puerto Rico _if_ this proposal to continue the nutrition grant is accepted.

The additional grant would be used for supplementary assistance for the needy in Puerto Rico. This would further close the gap between their present level of treatment and the level of treatment of other needy Americans under the major social programs.

The Committee wants to make it clear, however, that it rejects the proposal to have this Health and Human Service Department grant replace the Agriculture Department grant.

Ending federal nutrition assistance to the needy in Puerto Rico (alone among American jurisdictions desiring federal nutrition assistance) would abdicate federal responsibilities to needy Americans. The Committee cannot, therefore, agree to the President's proposal.

There is reason to believe that the real motive for the President's proposal is simply a desire to save money. This suggestion is supported by the assertion in the "overview" of President's budget that improvements in Puerto Rico's economy reduce the need for assistance from the current level to the level that the President proposes of some $112 million less. The Committee finds no factual basis for this assessment and notes that Puerto Rico is currently facing its own budget problems.

In any case, the proposal is irresponsible and, therefore, rejected, except under the conditions suggested above.

Finally, the Committee recommends that Puerto Rico -- and the Americans who inhabit the island -- be treated equitably in any new legislation enacted so that further lack of parity does not have to be confronted.

E (Kika) de la Garza, Tex.
Chairman

Edward R. Madigan, Ill.
Ranking Minority Member

news release

COMMITTEE ON AGRICULTURE
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February 14, 1990

STATEMENT BY CHAIRMAN DE LA GARZA RE NUTRITION BUDGET

"The Administration's efforts to make major cuts in the budget for Puerto Rico's Nutrition Assistance Program (NAP) are ill-founded and would reduce needed nutritional support for some of the poorest of our American citizens. The proposed fiscal year 1991 cut from $936 to $825 million for the NAP block grant would limit Puerto Rico's efforts to provide adequate nutrition for its citizens and send the signal that Puerto Ricans are second-class citizens.

Further, the efforts to move jurisdiction for the NAP from USDA to the Department of Health and Human Services indicates to me that the Administration wants to characterize our nutritional efforts in Puerto Rico as welfare payments, something clearly outside the intent of the Congress.

Residents of Puerto Rico are American citizens and I will oppose any decrease in the level of nutritional support for any of our American citizens, no matter where they happen to live.

#

STATEMENT OF SENATOR PATRICK LEAHY
February 1, 1990

Response of Senator Patrick Leahy to the Administration's 1991 budget proposal to reduce funding for the Nutrition Assistance Program for Puerto Rico.

> "The Administration's proposal to reduce funding for the Puerto Rico Nutrition Assistance Program is dead on arrival."
>
> "I can not support the President's attempt to cut this important nutrition program by well over $100 million per year. 1.4 million needy Puerto Ricans depend on that vital nutrition program."
>
> "I was very disappointed in the Administration's recommendation that the Nutrition Assistance Program be transferred out of the Agriculture Department. That could be the first step in further reducing support for this important program. I am opposed to moving the program to the Department of Health and Human Services."
>
> "The issue of hunger is not a political issue -- it is a moral challenge. I will fight this Administration's efforts to reduce assistance to Puerto Rico."

Mr. Fuster. Having said that, I want to present the person who is going to speak to you about our needs regarding the Food Stamp Program. He is surely the best authorized person on the island to speak to the Congress. Not only is he the Governor of Puerto Rico, but he has been very much involved in the food and nutrition programs there. It is my privilege to present the Honorable Rafael Hernandez Colon.

Mr. Hatcher. We would like to welcome you, Governor, to the hearing this morning.

STATEMENT OF RAFAEL HERNANDEZ COLON, GOVERNOR, COMMONWEALTH OF PUERTO RICO

Governor Colon. Thank you, Mr. Chairman.

Mr. Hatcher. You have taken the longest trip of any of the witnesses today.

Governor Colon. Thank you, Mr. Chairman and members of the subcommittee.

I have submitted for the record my full testimony, and I will condense my presentation to the most important parts. I appreciate the opportunity to testify before you today about nutritional programs in the 1990 farm bill. I also wish to express my appreciation for the consideration this committee has historically shown for your fellow citizens living in Puerto Rico.

I come before you, however, at a time when the needy U.S. citizens of Puerto Rico face an unconscionable threat to their health and well-being. As you know, in its 1991 budget proposal, the White House crafted a mischievous plan that would completely exclude Puerto Rico from any specific program for nutritional assistance.

Rather than advancing a plan to restore Puerto Rico's full participation in the Food Stamp Program, which we had from 1974 to 1982, the OMB proposal recommends a drastic, permanent 15-percent cut in funding and transferring those funds out of USDA jurisdiction.

As of today, the people of my island are the only U.S. citizens anywhere who are not afforded the basic nutritional guarantees of the Food Stamp Program. Far too many of our people who would have full food stamp benefits if they lived in any U.S. State or jurisdiction receive no Federal nutritional assistance at all in Puerto Rico.

Mr. Chairman, I know you would strongly agree that there is no justification for a policy that forces U.S. citizens in Puerto Rico to bear burdens of hunger and malnutrition from which all other Americans are spared. The time is overdue to put an end to this monumental inequity.

It is time to restore Puerto Rico to full participation in the Food Stamp Program. I respectfully urge the committee to reject the OMB proposal and to take all necessary steps to provide equal nutritional assistance to the needy citizens of Puerto Rico over the period of the 1990 farm bill.

From 1974 through 1982, Puerto Ricans were full participants in the Food Stamp Program. Then, in 1982, Puerto Rico was singled out and excluded from participation in the program. Instead, there was established a block grant with a funding cap, set 25 percent lower than under the Food Stamp Program and frozen for 4 years.

In order to bring costs within the cap, the Commonwealth was forced to restrict eligibility standards severely and to slash benefit levels. As a result, 100,000 families were cut out of the program. Moreover, while an average family of four receives a monthly allotment of $331 in all other jurisdictions of the United States, such a family receives only $199 in Puerto Rico.

While available food benefits are less than those in the United States, food costs are higher. Weekly food costs per household in Puerto Rico amount to $76 compared to $68 in the United States. And that gap between United States and Puerto Rico food costs has been increasing. In fact, the U.S. Government has recognized the higher cost of living in Puerto Rico by establishing a higher COLA rate for Federal employees on the island.

Mr. Chairman, due to the critical need for improved nutrition in Puerto Rico, I find it incomprehensible that the administration's fiscal year 1991 budget not only fails to advance a plan for fairness, but actually recommends drastically slashing the current inadequate funding levels.

This cruel and insensitive proposal, I respectfully suggest, is not merely another opening position in the normal cycle of the budget-making process. It is not a good faith proposal for controlling costs or improving efficiency. Rather, it shows profound disrespect for the U.S. citizens of Puerto Rico, who are proud of their relationship with this country.

Mr. Chairman, my initial reaction was that such an outrageous proposal could only be the result of an oversight or computer error. But instead we found the administration's true motivation for this proposal in the justification document released by the Office of Budget of HHS.

That document states that the administration's proposal would "Facilitate transition to any new political status Puerto Rico may choose under the President's self-determination goal." That, of course, is a reference to legislative proposals for a referendum in Puerto Rico on the future political status of the island. It makes clear the administration's intention to make hunger a weapon in that political decision.

S. 712, currently being considered by the other body of Congress, would afford the people of Puerto Rico an opportunity to choose among three status options; to remain associated with the United States through either enhanced Commonwealth or statehood, or to sever all ties to the United States through independence.

In order for this choice to rest with the people of Puerto Rico, the U.S. Congress has to present three balanced options. If the options are unbalanced, it is the Congress who makes the choice, not the people.

Unfortunately, the Senate bill in its present form is severely unbalanced. In the case of food stamps and other benefit programs, the bill offers an immediate increase in benefits the first year of statehood but no improvement if the people elect to maintain and enhance commonwealth status.

The applicability of Federal social programs to Puerto Rico is an issue of basic justice for U.S. citizens. It is not an issue of political status and every commonwealth Governor, whether prostatehood or procommonwealth, has supported restoring full participation. If the people of Puerto Rico are to truly exercise their right to self-determination, they have to be presented with balanced alternatives.

Without full participation, the referendum cannot be fair or balanced. To those currently denied adequate nutrition, the lure of immediate and substantial increases in food benefits will distort the fundamental choices facing the voters. Hunger should not be used as a political weapon in an election among U.S. citizens.

If full participation is to be restored—as I fervently believe it should be—it should be restored under commonwealth or statehood. The administration's recommendation to take a meat cleaver to the already inadequate benefits is nothing more than a transparent attempt to manipulate the referendum. It should be seen for what it is and rejected out of hand.

Mr. Chairman, I thank you very much.

[The prepared statement of Governor Colon appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you very much for your testimony, Governor.

Some people believe that the rural poverty is not as severe as urban poverty. In your written testimony, I believe you made some reference to that. Can you describe in greater detail the effects of the poverty and hunger among the population of Puerto Rico, both in urban and rural areas? Is there more in urban areas, is it more significant there, or is it equally a problem in the rural areas?

Governor COLON. It exists in both urban and rural areas in Puerto Rico. In the urban areas, as you go behind the principal avenues, you see the real poverty that exists behind the facades of buildings and the fronts of the streets. However, it is very serious, very impoverished.

In the rural areas, we also have a substantial number of pockets of poverty throughout Puerto Rico. The people in rural areas have a harder time managing their benefits under this program, because they have to come to certain points where they will receive the checks, or where they will spend the checks under the program.

Because of this problem with transportation, the operation of the program is somewhat more complicated and less effective in our rural areas.

Mr. HATCHER. Thank you, sir.

Would you explain for the record why food is more expensive to the average family in Puerto Rico than it is on the U.S. mainland?

Governor COLON. We import about 80 percent of our food from the U.S. mainland. We are under the Jones Act, therefore we must use U.S. carriers to transport that food. That increases the cost of the transportation. This is the basic reason.

Mr. HATCHER. Does the system of providing food stamp checks rather than coupons work well in Puerto Rico, and if Congress is somehow able to provide additional funding, would you anticipate keeping your present system, or would you return to the coupon system?

Governor COLON. There was a study made by USDA some years ago, about 3 or 4 years ago, that found that the system worked effectively in Puerto Rico, and that the number of violations of the purposes and intents of the programs were minimum. If the people of Puerto Rico who receive these benefits overwhelmingly favor the check system, we support the continued existence of that system.

Mr. HATCHER. Thank you, sir.

Mr. Emerson.

Mr. EMERSON. Thank you, Mr. Chairman. It has always been the intent of the subcommittee to work with the Government of Puerto Rico in obtaining their fair portion of nutrition benefits. Governor, you have come here this morning and made a highly political statement.

We can put it in the context of Puerto Rico not receiving the full benefits of the food nutrition programs, but you fail to mention that conversely, Puerto Ricans don't have to pay the Federal income tax. There is a little tradeoff there. You may not have the full benefits, but you also don't have the full responsibility.

I understand that there is a delicate political situation developing where you are going to have a referendum to vote on what you wish to be the future relationship of Puerto Rico with the United States. So there is a political context in which I understand that these comments may be made, but it certainly has been the attitude of this subcommittee always to cooperate with you.

In the allegations that you have made about the administration this morning you have injected politics into the issue and charged that it is almost a conspiracy of some sort against Puerto Rico. You have taken what discussions and words that you or your government had with the appropriate officials at HHS, at Agriculture, or the White House or whatever, and you framed your statement here today.

Governor COLON. We were deeply surprised by this proposal from the OMB. In no way does my information here relate to the actions of this committee. On the contrary, we feel in Puerto Rico that this committee in particular has been extremely sensitive to the needs of Puerto Ricans.

Our complaint is against the administration, and that complaint comes from the conflicts of the proposal about which we were never consulted. It took us completely by surprise. It was explained by the administration itself as a move toward political status.

It is a fact that since the Senate committee reported out its bill which proposed parity for food stamps in the case of statehood but not in the case of commonwealth, it is a fact that from that moment, statehood has had a tremendous upsurge in Puerto Rico. It is, in effect, changing preference as to status.

We have a situation where nutrition and need are being used to change attitudes. That is what the administration's proposal is all about, and that is why I have to inject that. It is a political statement here, because that proposal is before the Congress right now.

Mr. EMERSON. I have to believe that as the issues of the future status of Puerto Rico develop and are played out that there will be a number of considerations that the Government of the United States would have to take into account in anticipating any of the scenarios that might be involved.

I think it is a very, very strong statement, one that I am going to question, not only with you but with the administration, if it was the intent of the administration to make hunger a weapon and a political decision.

I seriously question the validity of that statement. I intend to be in touch with the OMB and the Departments of Agriculture and HHS. If they tell me that their intention is to make hunger a political issue in Puerto Rico, you will have a very strong ally in me, because I am one who does not believe that hunger should ever be a political issue.

I recall President Reagan's dictum that a hungry child knows no politics. I would be very surprised if it was the intention of the so-called kinder, gentler administration of President Bush that it would be his intention to make hunger a weapon. I think we must be very, very careful how we bandy this rhetoric about. I am concerned about the statements you have made and I intend to pursue it.

Mr. HATCHER. Mr. Fuster.

Mr. FUSTER. When this proposal came out, I checked with several committees of Congress, and nobody was aware that something like this was coming out. More than that, the Interior and Insular Affairs Committee, at the hearing about the budget of the Interior Committee of the House, we asked that a White House representative of the Task Force on Puerto Rico come and testify before us to explain the details of this new proposal.

The person was not able to justify what the proposal set out. He was not able to justify how the figure of $825 million or the 15-percent decrease came about. He said he was totally unaware of the terms of this proposal, that it was something that had been prepared at OMB.

More importantly, Chairman de la Garza, asked Secretary of Agriculture Yeutter recently about this proposal. He said he knew nothing about it, that it was something that had been prepared at OMB without his involvement.

To make this even worse, Chairman de la Garza inquired of the Secretary of Health and Human Services about their participation, and he got exactly the same response. So it is very strange that a proposal as radical as this is, and as important to the interests of the people of Puerto Rico was made without the involvement of the Secretaries of Agriculture and HHS being aware of it. This person that came from the White House was unable to justify or explain.

I think that supports the attitude we have. We would certainly hope that somebody will help us figure this out. I am sure the Governor will be the first one, if we are mistaken, to recognize that we are. But we do have solid grounds for the statements that have been made.

Mr. EMERSON. If I might say, there is a big difference in the numbers that come from the OMB—everybody declares the budget dead on arrival. I have never seen a budget that wasn't declared dead on arrival. The President's submission of his budget is an item required by law. It is a starting point in the lengthy, involved process that we go through every year.

The way figures come to Congress, from the OMB, they have to make certain recommendations to us. Of course, they are always cutting corners. We have a way of coming back and refining their cut corners.

But there is a big, big difference between numbers and figures that are submitted to Congress by the OMB as opposed to a conscious intention—that is the Governor's statement, an intention—to make hunger a weapon and a political decision. They are two entirely separate things, the budget recommendations of the OMB, and a conscious decision to make hunger a political question are like comparing apples and oranges.

I think we have to look a lot deeper than at the OMB figures to come up with a conscious decision by the White House to make hunger a weapon. I just cannot believe that President Bush would subscribe to making hunger a weapon in any fight.

As one who has always cooperated on Puerto Rican issues before this committee, I do not like to see the debate on Puerto Rican issues degenerate rhetorically in this manner.

Governor COLON. Mr. Emerson, we appreciate your continued cooperation with Puerto Rico in these matters. It is a historical fact. I very greatly appreciate your interest in probing into this matter and getting to the bottom of it. We would be very supportive of that inquiry, and help you in any way that we can.

Mr. EMERSON. Thank you.

Mr. HATCHER. Thank you again, Governor.

Governor COLON. Thank you.

Mr. HATCHER. Our next witness is Betty Jo Nelsen, the Administrator of the Food and Nutrition Service, USDA. She will relay the views of the Department. I believe this is the first time you have testified here?

Ms. NELSEN. That's right, Mr. Chairman.

Mr. HATCHER. It probably won't be the last. We welcome you, and we look forward to your testimony.

Mr. EMERSON. Mr. Chairman, before Ms. Nelsen begins, could I be out of order for just a few minutes?

First of all, I want to welcome Ms. Nelsen before us today. I would like to say that I, for one, as a member of this committee, look forward to the opportunity of working with such a distinguished lady. Ms. Nelsen is a distinguished former leader of the Wisconsin State Legislature and is highly qualified for the job she now fills.

I welcome you, we are delighted to have you here, and I look forward to working with you.

Most regrettably, Mr. Chairman, as is the habit around here, the scheduling as you know is always the most difficult thing we encounter on a daily basis. I have to testify before two other committees this morning, one of which is the House Administration Committee, so I am going to have excuse myself at this point.

I do have your statement, I have read it, I think it is an excellent statement. I apologize for having to leave at this point. I assure you that our side will be well covered by my colleague from California, Mr. Herger, who is very active not only on this committee, but also on the Select Committee on Hunger.

I apologize, Mr. Chairman, I will return.

Mr. HATCHER. Sure.

Ms. Nelsen.

STATEMENT OF BETTY JO NELSEN, ADMINISTRATOR, FOOD AND NUTRITION SERVICE, U.S. DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY BONNY O'NEIL, DIRECTOR, FOOD STAMP PROGRAM AND GEORGE A. BRALEY, ASSOCIATE ADMINISTRATOR

Ms. NELSEN. Thank you, Mr. Chairman. I look forward to appearing before you this morning, as well as to working with you in the months and years ahead.

I am pleased to introduce to you this morning staff members of the Food and Nutrition Service who have accompanied me to this hearing. On my left is Bonny O'Neil, who is the Director of the Food Stamp Program, and on my right is the Associate Administrator, George Braley.

I am sure they really don't need any introduction to the Members of Congress, because they have been staff members for a long time. I have submitted my testimony for the record, and I would like to briefly summarize that testimony, and then answer any questions you may have.

This administration, in submitting its proposals for the farm bill, believes it is imperative to reauthorize our domestic food assistance programs which have become so important to the well-being of low-income Americans.

Of the 13 food programs administered by USDA through the Food and Nutrition Service, 5 of them are before you in the farm bill for reauthorization. I will comment on each of them briefly, and highlight the most important parts.

First, the Food Stamp Program—it is the single most important national effort to meet the nutritional needs of low-income Americans that we have before us. The administration's proposal for reauthorization in the farm bill also includes a number of initiatives to ensure that benefits are used for the purposes they are intended. We call that assuring the program's integrity.

Congressman Wyden has spoken on that subject this morning quite eloquently. I will be followed by the Office of the Inspector General, and they will also comment on this issue. But I think the key point here is that food stamps enjoy strong public support. I know you know that from your constituents. We want to ensure that the Food Stamp Program continues to have the support of the taxpayers.

If you folks who are elected to office begin to hear grumblings from your constituents about the Food Stamp Program, we know that we will be in trouble in terms of delivering the benefits we need to deliver for low-income Americans. We have two specific proposals in the farm bill which we believe will help to ensure program integrity.

The first is electronic benefit transfer. We believe this will provide significant opportunities to protect our benefits in the future, and make sure they are used for food purposes. Research, evaluation, and development should be accelerated, so that EBT can be a common operational alternative for States who are interested in pursuing this line of implementation of our program.

We also have a number of initiatives to reduce fraud and eliminate the black market which Congressman Wyden referred to. We agree with him that unless there are unscrupulous retailers involved, we cannot have a black market situation, because that is the critical place where the cash and the food coupons have to be exchanged. So our proposals, like his, are targeted to addressing the problems that may be caused by a few bad eggs in the basket, in terms of retailers.

We intend to work and continue to work closely with this committee, and with Congressman Wyden to exchange information and to develop the best possible antifraud package possible. I would be pleased to describe more of our proposals if you care to hear them.

I think the second most important part of the administration's proposal in the farm bill for reauthorization of the Food Stamp Program is the request that urges not only the reauthorization, but asks Congress to provide an open-ended appropriation, and to authorize such sums as may be necessary to meet the needs of the Food Stamp Program. It is imperative that we eliminate the fear that benefits may be cut off if there is failure to act on the part of Congress in a given budget year.

This is a very real concern to our clients, those low- income people who rely on food stamps, and to the States that administer our programs. This proposal also requests calendar year funding.

Second, we ask you to adopt our proposal to help children receive the support they deserve from absent parents. Congressman Emerson spoke a little bit about this in his opening remarks. We would require single-parent households to cooperate with local child-support enforcement officials and services would be provided without charge to those food stamp recipients as they are to single AFDC parents. There would be exceptions for just cause.

Clearly, we must put children first, when we are thinking about the impact of child-support enforcement, and how it has turned out to be a very useful tool in increasing the amount of money available for the benefit of children.

The special needs of hungry, homeless families, and individuals requires creative thinking and presents a special challenge to the Food Stamp Program. We are especially proud of our recommendation to be included in the farm bill to offer grants to nonprofit groups to test innovative ways to reach out to homeless individuals and provide services to them.

We would also ask that you extend the provision to allow homeless people to use their food stamps at authorized shelters and soup kitchens. We would also ask you to adopt a new plan to allow homeless people to use food stamps to purchase meals at restaurants that offer reduced prices. That particular provision is already available to elderly and disabled persons. We would like to make that available also to homeless people.

One subject that is addressed in a number of ways in the current bill is the issue of conformity. This is an elusive goal that people both on the Hill and in the Food and Nutrition Service struggle toward. Here, we are talking about trying the best we can to simplify the eligibility process, and enable needy people to have greater ease when they apply for food stamps, AFDC, and Medicaid.

We have requested that in the farm bill our demonstration waiver authority for the Food Stamp Program be expanded to match the flexibility of our sister programs. In working with the White House Low-Income Opportunity Board, we have discovered that a Food Stamp Program sometimes has been the anchor that prevents proposals from going forward, because we do not have the broad authority of our sister programs.

We would also propose to modify the application requirements so that the heads of households can attest to citizenship status of all household members. This is a very simple matter, and I don't think anyone will have any objections to this proposal.

Not only is the administration urging the reauthorization of the Food Stamp Program, but we are also enthusiastically supporting the reauthorization of the TEFAP Program, the Temporary Emergency Food Assistance Program, for the distribution of surplus commodities, and continued funding of $120 million a year for commodity purchases.

In addition, our proposal would reauthorize administrative funding for State and local distribution facilities.

The third major reauthorization requested for the farm bill has to do with the Commodity Supplemental Food Program, also called CSFP. We would request reauthorization, and also request permission to stabilize administrative funding at 20 percent of the appropriation to provide certainty for the operators of this valuable distribution program.

The second thing we want to do is reestablish that children are a priority in the CSFP Program. We would like to repeal a provision which currently allows States to shift their caseload from children and women to elderly in the midyear cycle. We are alarmed about the growth in the number of elderly participants in the program which was designed initially to meet the needs of women and children. That is why we are requesting that this midyear conversion be eliminated.

This would not hurt the current numbers of elderly people who enjoy participation in the CSFP Program. It would help us to refocus additional growth in this area on the original target population that I have described.

We ask reauthorization for the Food Distribution Program on Indian Reservations, and food donations to selected groups, which is an important commodity program continually needed and called upon for disaster relief.

There are three miscellaneous provisions in the current bill which I would like to touch upon briefly. First is to provide advanced funding for State option contracts, which are processed by the States, and to repeal the requirement for a TEFAP displacement report, principally because we don't anticipate that it will provide any new information, and it will reduce paperwork.

We would ask that you consider enabling us to collect Social Security numbers in the CSFP Program and the programs on Indian Reservations.

With that, Mr. Chairman, I conclude my brief overview of our position on the farm bill.

I do want to make one additional comment. We have worked very hard in USDA—not me so much, because I have come lately to this process, although I have worked hard. But we have worked hard at USDA to present to you a farm bill that has thought behind it, and which really builds on the 1985 farm bill, and tries to strengthen and improve the programs that were set out in that piece of legislation.

By indicating this, what I am really trying to say is that we want to continue to work hard on this. We do not consider our work done in any way. We want to work with Congress on the process to ensure that the work product which you finalize will really address the needs of the low-income people and meet the concerns that many of us have for the nutritional needs in this area. The staff and the administration are available to you in any way we possibly can be to accomplish this task.

Thank you very much for the opportunity to appear before you this morning.

[The prepared statement of Ms. Nelsen appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you, Ms. Nelsen, for that testimony.

The President and the administration are making child enforcement a key part of the Food Stamp Program, I think. Presently, do we lose money on our enforcement efforts in that regard?

Ms. NELSEN. Presently, AFDC requires that people who apply for AFDC also sign up for child support enforcement. We would have that same simple requirement. It is not really an enforcement cost as much as it is that when families are in that program, they will in fact have additional income from the absent parent. Their income level will be raised.

Consequently, we anticipate some modest savings accruing to the Federal Government, because the children will be rightfully receiving the income from the parent, and will not need as much money from the Federal Government.

Mr. HATCHER. I certainly support that concept. I was just wanting to make sure we don't spend more money in the administration than the benefits we receive from doing that.

Ms. NELSEN. We certainly would not do that.

The other issue related to child support enforcement which is somewhat uncertain at any given point in time, is what the absent parent's future earnings are going to be. When you require signing up for child support enforcement, and a decision about the naming of that absent parent, we really begin a process which will last through the 18 years of that childhood.

During that time, it may well be that the absent parent may become a greater wage earner. I think that is the reason all of us who are concerned about the rights of children to have two parents, and who are concerned about the future opportunity of children to enjoy a greater level of support want this to occur as soon in a child's life as possible.

Mr. HATCHER. Some people would suggest that the questions that are asked of women, mothers, to establish paternity are very personal and are considered by some to be an invasion of privacy. How do you react to that?

Ms. NELSEN. We have a provision in the law and we would include it for food stamps that for just cause, if a woman feels terrorized by this process, that there will be adequate opportunity for her to excuse herself from the process and the courts will consider that.

But I really have to put the children's interests ahead of those of the parents in these cases. We cannot continue to have children in poverty and let absent parents off the hook simply because the circumstances surrounding the birth of the child may cause someone embarrassment. So I have no regard for that argument at all.

Mr. HATCHER. What would you say now is the future of EBT?

Ms. NELSEN. I think we are working very hard on the demonstration projects, and I think we will test the measure of the usefulness of it and the cost of it through these projects. It offers great hopes in terms of allowing people to participate in purchasing their food with greater dignity. It offers an opportunity for people to have assurance, or taxpayers to have assurance that the benefits that are issued go toward food purchases rather than to be siphoned off into other kinds of activities.

I am hopeful that this will really be a wonderful advancement for the Food Stamp Program. We have provisions in here which will require it to be cost-effective. I think this is a major issue for a lot of people in thinking about this technology. We will have that as a criteria.

We will certainly not commit the Federal Government to enter into contracts with the States on a 50–50 funding basis if the programs are not going to be cost-effective. That would be foolhardy, and we don't want to be leading this technology, or providing funding and research money toward this technology. We want to be taking the opportunity to use the technology as it comes forward.

Mr. HATCHER. That's the real question. I think we are in general agreement that it can provide some benefits. The question is: Can we afford it, is it cost-effective?

Mr. Herger.

Mr. HERGER. Thank you, Mr. Chairman. I would like to thank you, Ms. Nelsen, and to follow up with a question. I am interested in the current proposal to offer the services of child enforcement Programs through the Food Stamp Program. I believe this is a step forward and I am anxious to closely review your proposal.

Would you tell us, please, or provide for the record, the history of the Child Support Enforcement Program as it operates, in the AFDC Program? What is the record for obtaining and enforcing orders on absent parents? Can you provide us with some background on how this has worked in the AFDC Program?

Ms. NELSEN. Mr. Herger, I would be pleased to provide that for the record. That will necessitate that we contact HHS and discuss with them their findings. I will be happy to provide that.

[The material follows:]

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CHILD SUPPORT ENFORCEMENT STATISTICS

FISCAL YEAR 1988

VOLUME II

Thirteenth Annual Report To Congress

for the Period Ending September 30, 1988

U.S. Department of Health and Human Services

Office of Child Support Enforcement

The Thirteenth Annual Report to Congress

Volume I of the Thirteenth Annual Report to the Congress contains information on the dimensions of the nonsupport problem in this country, the function of the Child Support Enforcement Program and summarizes progress in the child support enforcement area.

Volume II of the Thirteenth Annual Report, Child Support Enforcement Statistics, Fiscal Year 1988, contains selected state-by-state financial, statistical and program data obtained from federal reports completed by State child support enforcement agencies. A series of graphs and tables covers the various financial and programmatic statistical information of fiscal years 1984-1988. The report also includes additional data as required by the Child Support Enforcement Amendments of 1984.

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National Child Support Enforcement
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STATE FINANCIAL AND PROGRAM DATA

This report presents selected financial, statistical and program data obtained from Federal reports completed by State Child Support Enforcement agencies. Data reported by the State agencies are current as of the time of preparation of this report. Missing data is a reflection of the completeness of State reporting to OCSE. States, however, can submit supplemental and/or revised reports; the numbers shown may be revised at a later date.

Total child support collections on behalf of AFDC and non-AFDC individuals amounted to $4.6 billion in FY 1988. As can be seen in Table 7, collections on behalf of families receiving AFDC increased by $134 million from $1.349 billion in FY 1987 to $1.483 billion in FY 1988. Collections on behalf of families not receiving public assistance increased by $560 million, from $2.569 billion in FY 1987 to $3.129 billion in FY 1988. Comparing combined AFDC and non-AFDC collections with total expenditures for FY 1988 yields an average of $3.94 collected for every $1.00 spent on program administration nationwide.

A series of graphs and tables covers the various financial and programmatic statistical information for fiscal years 1984-1988.

(The complete report is held in the committee files.)

Mr. **Herger**. I appreciate that. As you know, Congressmen Wyden and Emerson have introduced the food stamp trafficking bill. I realize that USDA has a proposal as well. Could you perhaps explain to us your proposal?

Ms. **Nelsen**. Yes, I would like to expand on it. This bill contains an extensive list of proposals. Let me touch briefly on those which are most substantive, and then provide you later today with the specific legislative language of our proposal. I think that is what you will find most useful.

[The information follows:]

FOOD STAMP PROGRAM INTEGRITY

Our specific proposals for inclusion in the Farm Bill are:

- **Authorization for States to use Electronic Benefit Transfer (EBT) technology in lieu of food coupons to deliver benefits. Criteria would be established to assure cost effectiveness and orderly implementation.**

  EBT offers the possibility of strengthening program integrity by eliminating several points of vulnerability in the current benefit delivery system. It eliminates coupons and/or authorization cards which can be lost in the mail or stolen; it creates records of each food stamp purchase which are linked to both the household benefit account and the retailer bank account; and it helps ensure that recipients use program benefits properly.

- **Penalties for misuse of Electronic Benefit Transfer system benefits.**

  This provision would clarify that computer food stamp fraud is subject to the same penalties as fraudulent abuse of food stamps or authorization cards used to obtain benefits. It would also act as a deterrent against food stamp computer fraud.

- **Permanent disqualification of stores which accept food stamps for illegal drugs or firearms.**

  This proposal is intended to improve program integrity by responding to recently increasing media reports of widespread use of coupons for the purchase of drugs and firearms. Current statutory language permits a civil money penalty (CMP) in lieu of a permanent disqualification if a firm meets certain regulatory criteria. The exchange of coupons for drugs and firearms should be a permanent disqualification without the option of a CMP.

- **Mandatory jail sentences of 2 to 15 years and fines up to $20,000 for first offenses using food stamps to buy illegal drugs, ammunition, explosives, or firearms or for illegally possessing $1,000 or more in food stamps. For subsequent offenses jail sentences could be extended to 20 years and fines up to $50,000. At the option of the judge, community service could be substituted for the first offense. This option would not be available for subsequent offenses.**

Current penalties (fines up to $10,000 and jail sentences up to five years for first offenses with mandatory six month to five year jail sentences for subsequent offenses) for food stamp felonies are probably adequate to deter most individual program crime but would represent little deterrent to organized crime rings. Mandatory jail sentences and fines, more severe than current penalties, for the most serious offenses should be more effective.

-- **Submission of social security and employer identification numbers for all retailers.**

The collection of social security numbers for owners, corporate officials and on-site store managers, as well as employer identification numbers, would be the basis for a nationwide computer tracking network for purposes of: (1) preventing the inadvertent authorization of a previously disqualified store; (2) assigning escalated disqualification periods to stores which previously served a sanction and are again found to be violating; and (3) helping to control the spurious sale of a firm for purposes of avoiding a sanction.

-- **Increased fines of $20,000 per violation against stores which traffic in food stamps.**

Current legislation mandates a civil money penalty (CMP) in lieu of a disqualification of up to $10,000 per violation except for trafficking violations. This means that the maximum trafficking CMP of $20,000 per case in many instances will be lower than CMPs for less serious violations (e.g., the exchange of coupons for ineligible items). This proposal would foster equity in the imposition of CMPs by assuring that the seriousness of the violation is reflected in the severity of the penalty.

-- **Fines for unauthorized third parties who accept food stamps.**

The Food Stamp Act provides criminal penalties for unlawful acceptance or possession of stamps by unauthorized retailers and individuals; however, this requires a criminal prosecution for the penalties to be implemented. The geographic areas in which unauthorized third-party food stamp fraud is most prevalent are also the areas with the greatest incidence of major criminal activity and the largest backlog in the courts and at the Department of Justice. Administratively established fines for unauthorized third party violations could be implemented by the

Department of Agriculture. If payment is not promptly made, the fines could be pursued through collection agencies or civil action.

-- **Fines for authorized retailers which accept loose $5 and $10 food stamps.**

Food stamps of $1, $5, and $10 denominations are issued to recipients, but only $1 dollar stamps can be legally reused since they are necessary for making change. The higher denomination stamps cannot legally be accepted by retailers once separated from the coupon book covers, which carry the same serial numbers as the coupons. This restricts higher denomination stamps to one-time usage, thereby making it more difficult for them to be accepted from recipients by an unauthorized third party and later used to purchase food at authorized stores by the third party. While FNS has the authority to disqualify stores for all violations of the Food Stamp Act, the Agency has not sanctioned authorized retailers for illegally accepting loose $5 and $10 stamps. Rather than disqualify stores which accept loose stamps, the proposal would establish a fine (not to exceed $100 per stamp) for retailers which have a practice of accepting loose stamps. This proposal, with widespread advance publicity, will make authorized retailers less willing to accept loose $5 and $10 stamps, and make such stamps less negotiable for unauthorized third parties.

-- **Prohibition against firms which are primarily wholesalers from participating in the program as authorized retailers.**

This provision would help restrict the negotiability of food stamps as a medium of exchange in illegal transactions. Some unauthorized stores accept stamps which they then use to buy stock for their shelves from wholesalers which are authorized as retailers by FNS. Such wholesalers have a small retail trade as part of their business. Without authorization, these firms could not readily redeem coupons they accepted from unauthorized retailers. An exception would be made for the firm if denying authorization caused a hardship for food stamp recipients.

-- **Biennial re-authorization of retailers to obtain current data on authorized firms to be funded by a small biennial fee assessed to the retailers.**

This proposal gives the Department authority to place a finite period on the authorization of a store to accept food stamps; requires a store to pay a fee at the time of reauthorization; and specifies that the periodic reauthorization process will be facilitated by having the private sector collect the necessary data. The purpose of the biennial reauthorization is to enable the Department to maintain current data on all authorized stores, especially for store ownership.

-- **Restrictions on authorizations to stores which (1) meet the current staple foods requirement, and (2) have either a full-line grocery department or have a substantial portion of gross sales in food stamp eligible foods.**

Recent store investigation data show that stores which do very limited food business have a higher violation rate than all stores investigated. Stores which are not primarily food stores are more likely to have compliance problems. The types of stores that would be affected by the proposal are gas/grocery stores, liquor stores, and party stores. This proposal is not aimed at small stores (i.e., mom and pop grocery stores). An exception would be made for the store if denying authorization caused a hardship for food stamp recipients.

-- **A prohibition against using the earned income deduction when calculating fraud claims when households have waived administrative or court hearings.**

Prohibit State agencies from using the earned income deduction when calculating the amount of an overissuance if the overissuance was due to household fraud as determined through administrative or court hearings. This amendment extends this policy to households who waive such hearings and admit their guilt, thereby circumventing this sanction.

-- **A reduction in the time period during which households may select a method for repaying fraud claims to 10 days.**

Reducing the time period during which households may select a method for repaying fraud claims from 30 to 10 days will reduce the delay in beginning fraud and IPV claims collection; help maximize collection of these claims, since collection could begin closer to the time the claims are established and households are more likely to be participating; and bring this period into line with AFDC's minimum period and other timeframes applicable to food stamp households.

Ms. **Nelsen**. We have also prepared what we call a side-by-side comparison of our proposal and Congressman Wyden's which we used with him in discussions. We can also provide that to the members of this committee for your use as you go forward in considering which of these you want to choose in structuring your own response.

Briefly, we are talking about permanently disqualifying stores which accept food stamps for illegal drugs or firearms, mandatory sentences and increased penalties, fines for authorized retailers who accept loose $5 and $10 food coupons.

That may puzzle you, but the fact of the matter is that we are not really trying to say to Mrs. Smith, who may inadvertently tear out a $5 coupon that a retailer will be at risk if he accepts that. Rather, we are trying to provide a way for investigators who may come in with 10 $10 coupons that are loose from the book in violation of the law, a mechanism for those investigators to get that retailer on these grounds.

Sometimes, as you know, in law enforcement, we have to go for smaller things that are actually more visible than the great big drug buys.

We would like to have restrictions on authorization of the stores, so that those who meet the current staple foods requirement and have a full-lined grocery department will be those who are reauthorized for use of food stamps. We believe that the problem really is in the small convenience store or liquor store or bar where food may be an accidental or incidental activity of that retailer. So we want to be more careful about reauthorizing.

We also have a provision for biannual reauthorization of retailers to obtain current data on them, and to have a better tracking system of their activities. We would also ask that you allow us to charge those retailers something like $20 every 2 years for this authorization process.

We believe that retailers benefit from being in the Food Stamp Program. We would like to have them be partners, and not have the Federal Government assume that whole burden.

I will certainly get the more extensive list to you, Mr. Herger, later today.

Mr. **Herger**. I appreciate that. Thank you, Ms. Nelsen.

Mr. **Hatcher**. Thank you, Ms. Nelsen.

Our next witness is Craig L. Beauchamp, Assistant Inspector General for Investigations of the Office of the Inspector General, U.S. Department of Agriculture. He is accompanied by James R. Ebbitt, the Assistant Inspector General for Audit. We welcome you to the hearing, gentlemen. We look forward to your testimony.

STATEMENT OF CRAIG L. BEAUCHAMP, ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS, OFFICE OF INSPECTOR GENERAL, U.S. DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY JAMES R. EBBITT, ASSISTANT INSPECTOR GENERAL FOR AUDIT

Mr. **Beauchamp**. Thank you, Mr. Chairman.

I will submit my statement for the record, and only read those portions which relate to the Food Stamp Program.

Mr. Chairman and members of the committee, I am Craig L. Beauchamp, Assistant Inspector General for Investigations. With me is James R. Ebbitt, the Assistant Inspector General for Audit. We are pleased to provide testimony to you describing our findings relative to the Food Stamp Program. We will also comment on a number of legislative initiatives we believe will assist in reducing fraud in this program.

Our audit and investigative strategy in the Food Stamp Program has been to focus on the adequacy of controls and systems used to manage the program, and to maintain a coordinated enforcement program with other Federal, State, and local agencies.

Helping to ensure the integrity of the Food Stamp Program is a major concern of the Office of Inspector General. Last year, OIG committed approximately 26 percent of its investigate resources and 16 percent of its audit resources to the Food Stamp Program.

During that year, we completed 727 investigations. These investigations resulted in 340 arrests, 513 indictments, and 413 convictions. We issued 14 audits in the Food Stamp Program and management agreed to seek recovery of $7.4 million in questioned costs.

OIG's investigative activities have focused on fraud by retailers authorized to accept food stamps. We have also placed emphasis on the investigation of food stamp trafficking, which is the unauthorized acquisition of food stamps in exchange for nonfood items, and their use as a second currency. Although food stamp trafficking is not a new problem, it has recently received increased public attention due to the use of food stamps in drug transactions.

For example, in North Carolina, undercover agents exchanged more than $125,000 in food stamps for narcotics, stolen property, firearms, and almost $23,000 in cash. Sixty-eight persons, including the owners or employees of 16 retail stores authorized to participate in the Food Stamp Program, were charged with food stamp and/or drug trafficking. One of the retail store owners, a major drug dealer, exchanged more than $80,000 in food stamps for cash and more than 1 kilogram of cocaine.

An undercover investigation of a Phoenix retail store owner resulted in the conviction of four individuals for exchanging food stamps with an OIG agent for cash, cocaine, and marijuana. The Phoenix Police Department which worked jointly with us in this investigation described the area surrounding the store as the center of drug-related activity in south Phoenix.

In Kansas City, a drug dealer exchanged a large quantity of PCP for 10,000 dollars' worth of food stamps from an undercover OIG agent who was working with a Federal drug task force. In Texas, during the course of two separate investigative operations, 68 people were arrested for food stamp trafficking and drug offenses.

In the first operation, conducted jointly with the local police and the Texas Alcoholic Beverage Commission, 38 individuals, including two retailers, were charged with food stamp and/or drug trafficking. In the second operation, 30 individuals, including a retailer, were charged with food stamp and/or drug trafficking.

Since the authorized retailer is the key to eventual redemption of food stamps, we continue to place major emphasis in this area. We also give investigate priority to unauthorized retailers, particularly those disqualified from participation in the Food Stamp Program who continue to accept and negotiate food stamps.

For example, an investigation conducted in Ohio with the Internal Revenue Service resulted in a multicount indictment charging two store owners with laundering more than $1.2 million in food stamps.

During a 2-year period, one of the retailers, who had been disqualified from the Food Stamp Program, transferred large sums of food stamps to the authorized retail store owner. After depositing the food stamps and cashing a check on his firm's account for a similar sum in cash, the authorized retail store owner gave a portion of the cash to the unauthorized store owner.

The two store owners were charged with unauthorized possession and redemption of food stamps, money laundering, conspiracy, and various IRS violations. Both store owners pleaded guilty.

In California, a grocery store owner and his wife were indicted and subsequently convicted for fraudulently redeeming approximately $1.6 million in food stamps during a 2-year period.

In addition to the emphasis placed on retailer and trafficking violations, OIG, usually in conjunction with other law enforcement agencies, also investigates food stamp fraud by recipients and public employees involved in the food stamp issuance process. By working with other law enforcement agencies, we believe we are more effective in the use of our investigative resources.

If I may, I would like to add a few comments on the legislative proposals before the committee.

The Department's 1990 farm bill proposal includes several initiatives to strengthen program integrity and to increase the penalties for violations of program provisions. We support the Department's initiatives. We believe that increased use of electronic benefit transfer will reduce the diversion of program benefits.

With the increased use of EBT we believe that the Food Stamp Act should be amended to provide specific penalties for EBT fraud. It is important that the abuse of computerized benefits or on-line issuance systems be subject to the same penalties as other Food Stamp Program violations.

The proposal to require employer identification and social security numbers and periodic recertification of participating stores will improve the Department's prevention and detection of retail store violations. We believe that the initiative to increase civil monetary penalties and to establish mandatory prison terms will serve as a deterrent.

Recently, Congressman Ron Wyden introduced a bill to combat fraud in the Food Stamp Program. We support those provisions of his bill relating to fraud in the program, and together with the Department's proposals, believe that they would form a strong deterrent to those who might be tempted to abuse the Food Stamp Program.

This concludes my statement, Mr. Chairman. I would be pleased to answer any questions.

[The prepared statement of Mr. Beauchamp appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you very much, Mr. Beauchamp.

You gentlemen and your officers are certainly a critical part of the Food Stamp Program. We don't need to allow anybody to have the perception that there is a problem with getting food to those people who truly need it. I appreciate the job you do.

We do have some proposals, some of which you mentioned, regarding additional penalties, stricter enforcement of the legislation, and I think we will see some activity in that area.

Mr. Herger.

Mr. HERGER. Thank you, Mr. Chairman.

Just in general, do you have any suggestions or changes to the Food Stamp Program that would reduce the instances of abuse?

Mr. BEAUCHAMP. I think that if you would support the proposals the Department set out specifically, the proposals to increase criminal penalties and fines; and Congressman Wyden's forfeiture provision, they would be a tremendous deterrent to fraud.

Mr. HERGER. Thank you.

Mr. HATCHER. Congressman Wyden proposed a $500,000 fine. Is that high enough?

Mr. BEAUCHAMP. It is significantly higher than the current one.

Mr. HATCHER. Mr. Glickman.

Mr. GLICKMAN. Mr. Chairman, I don't have any questions. I wanted to first of all applaud the leadership in this whole area, and also confirm that along with yourself and others I am a cosponsor of the Mickey Leland Memorial Domestic Hunger Relief Act, making changes in the food plan and other kinds of things. I look forward to working with you on responsibly increasing benefits at the time when hunger and malnutrition are very serious problems in this country, and while we applaud the program, we at the same time want to make sure that the benefits are able to take care of the hunger needs. I wanted to make that quick statement for the record, and I look forward to working with you on the substance of the legislation.

Mr. HATCHER. Thank you. Mr. Espy, has a statement.

OPENING STATEMENT OF HON. MIKE ESPY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSISSIPPI

Mr. ESPY. Thank you, Mr. Chairman.

I also want to state that I also support the Mickey Leland Memorial Domestic Hunger Relief Act. I also appreciate your leadership. I want to say that the Food Stamp Program is important and necessary to a district like mine. It still ranks as the third poorest district in the Nation.

The Food Stamp Program is necessary to insure that the nutritional needs of many of my constituents are met. However, in some cases, the nutritional need becomes the basic need for food.

I know that there are some problems with the current program, but I am confident that we can come up with solutions. We must find a way to insure that food stamps are used for buying food for the people they were issued to and not sold or used to buy things other than food.

We must also realize that the Food Stamp Program is only one piece of the food and nutrition puzzle. We must continue to support the other parts of the puzzle such as WIC and TEFAP.

Thank you, Mr. Chairman.

Mr. **Hatcher**. Thank you.

Mr. **Glickman**. Mr. Chairman, I would like to ask Mr. Beauchamp one question.

Mr. **Hatcher**. Sure.

Mr. **Glickman**. The one bill speaks to the trafficking of food stamps. Did you testify as to the extent of the problem of illegal trafficking in food stamps? Do you know the scope of this problem?

Mr. **Beauchamp**. It really is impossible to quantify. We are finding throughout the country that there is a problem with people exchanging food stamps for cash and other nonfood items. What we are seeing more and more of are exchanges involving narcotics. But to quantify what percentage of the food stamp coupons are going for drugs and nonfood items, we would have no way to do that.

Mr. **Glickman**. Is there a difference in your mind in food stamps going for drugs and food stamps going for other items, for example, for other necessities, people trading food stamps for other necessities?

Mr. **Beauchamp**. In my mind, both would be illegal. But if you are using food stamps to buy another illegal article, I would consider that more serious.

Mr. **Glickman**. I was just thinking about the $500,000 fine, and that it is the kind of fine that is appropriate under the money laundering statutes, that we ought not subject somebody who in an emergency exchanged food stamps for legitimate pharmaceutical items. They may be subject to other criminal penalties, or civil penalties, but we are talking about bigtime narcotics stuff.

Mr. **Beauchamp**. These are the Federal penalties. Generally, a person would not be prosecuted federally for a low-dollar amount exchange of food stamps for cash. That is not usually prosecuted federally. The proposals say fines up to a certain amount. Of course, the judge will determine what the ultimate penalty will be, based on the seriousness of the crime.

Mr. **Glickman**. My final question is on your proposal to cross-check grocers, to make sure that crooked ones do not remain in the program, do you think that can be done without unnecessarily tying up the food marketing chains in this country with regulatory processes?

Mr. **Beauchamp**. Oh, I believe so. Basically what we are asking for is just that when the grocer makes an application to participate in the program, that they supply their employer identification number and social security number. We don't see that as a burden.

Mr. **Glickman**. Thank you.

Mr. **Hatcher**. Thank you very much. We appreciate the job you do, and we appreciate your being here today.

Our next witness is Ms. Madge L. Schaefer, chair of the board of supervisors of the county of Ventura, California. To give you an example of the mobility of people in this country, she is from Atlanta, she's from Miami, and now she serves as chair of the board of supervisors way out in Ventura. We look forward to your testimony.

STATEMENT OF MADGE L. SCHAEFER, CHAIR, BOARD OF SUPERVISORS, COUNTY OF VENTURA, CA, AND ON BEHALF OF THE INCOME MAINTENANCE DIVISION, COUNTY PUBLIC SOCIAL SERVICES AGENCY

Ms. **Schaefer**. Thank you very much, Mr. Chairman. I appreciate this opportunity to be involved in your hearing.

I have submitted written comments, and I would appreciate those being made a part of the record. I would like to summarize that statement.

I am speaking not only on behalf of the board of supervisors of Ventura County, but on behalf of the 391 employees in the income maintenance division of the County Public Social Services Agency which administers the public assistance programs.

I think it would be appropriate to give some statistics on Ventura County. We are located about 60 miles north of Los Angeles. We have a population of approximately 700,000. We have $11 million revenue for food stamps, and a caseload of approximately 7,000 families.

The concern about food stamps came about as a result of a call from an agency head asking me to visit a field office located in my district where they were having some severe security problems. That happened to be an unusual request from an agency head.

I have to admit it was the first time I had visited one of these facilities. As we entered the back offices, I noticed a very large room, I can describe the room as being at least as large as this room, perhaps the ceilings were not as high, but it was very much like a library. I asked what this room was for, and I was told it was to store forms that were needed for people who were applying for various services. It was in an industrial-service office area, and I quickly calculated what that storage was costing us and the taxpayers. Then I was shown approximately a 10,000 square feet of file storage, which I also calculated very quickly what it was costing us. I was surprised to see the volume of the files. We then went into the public area. Although the interviewer rooms were alarmed, they wanted to take the doors off the interview rooms so that the eligibility workers could get out quickly. There has been some violence, not just verbal abuse, but other kinds of physical abuse to our eligibility workers.

It truly did surprise me, because we have the lowest crime rate of any county our size in the country. Our community has rich ethnic and cultural backgrounds.

As we continued to talk, I walked out into the very large waiting room of this building, which is about 2 years old. It was about 4 o'clock in the afternoon. It was jammed with people. While I was there, I hear an eligibility work being screamed at by a woman who was very upset about why she could not have food stamps, why it was the law.

In the same waiting room, there were approximately 200 people, and of those of course some were small children. It was chaos. I have no familiarity with the process, and I asked to see what would be given a woman who was applying for the AFDC and Food Stamp Program, what kind of paperwork she would be given.

This is what they gave me, and this is what the applicant is asked to fill out. I don't know how many of you have ever seen these forms, but most are two-sided, and there are approximately 30 pages. It is full of a number of warnings, notices, important information that has to be read, it goes on substantially.

I will tell you a fact I am sure you are aware of. We don't see a lot of brain surgeons or CPA's coming through this program. We see people who are struggling, people who are in crisis, people who have dysfunctional families, and we are asking them to fill out these forms. They become frustrated and angry. I gave them to my office staff, each one of them took of these packets and it took them 1½ hours each to fill them out, and they are all college graduates. Now that may have been a hindrance, in some cases, but in this case I don't think it was. They too said they were angry when they finished these forms.

I went back to the eligibility workers, and they told me that they cannot cross-train eligibility workers in the various arenas, the AFDC and food stamps. After a 5-week program, they are only trained sufficiently to interview for one segment of the program.

What we are finding is that we have approximately 20 additional full-time employees that are costing the taxpayer because the regulations are so complicated you need specialized people—we cannot cross-train them.

The problem is differing regulations between AFDC and food stamps. I was delighted to see this morning that in the Mickey Leland Memorial Hunger Relief Act there are some changes addressed that will bring those two programs into compatibility.

After filling out this package there may be a wait to see the eligibility worker for AFDC, they have to go back out into the waiting room and wait to see another eligibility worker for food stamps. If they need medi-cal coverage, we give them another package. With the initial application and these other packages, we have about a 1-inch stack of paper before any action is taken. What is happening is that the employees are slaves to the paperwork, and the programs are not being properly administered.

It is costing approximately $300,000 a year in penalties for errors in the food stamp issuance. The county is being penalized for that. We have quality-control people coming in. There is a lack of cost-effectiveness in the program administration. We have, as I said, 20 additional full-time eligibility workers because of the disparity of the regulations in the two programs.

We have staff turnover which is alarming. Our eligibility workers, in comparison to the child protective services workers who have a high degree of involvement in dealing with children that are molested, neglected and abused, have turnover rates in a 5-year period of 19 percent as compared to a 40-percent rate in our eligibility workers. The eligibility workers say that the rules change so often, that they are penalized for not understanding the regulations, because they are so complicated.

The average experience in the eligibility worker in the county is 8.5 months. I believe supervisors have almost 1 year or more experience. The development caused by the conflicting eligibilities costs us about $80,000 for training. The case file storage is costing us $360,000 a year, because it cannot go out to dead storage. It is dead space. They need to be accessible to people coming in and out of the system, and if we ask them to do forms again, they get really angry. We are paying significantly for those storage costs.

And last, but certainly not least, we have security problems. We need more alarms, and we need more training for our workers by our mental health department. We are accepting the responsibility for what we cannot control, making the waiting time more bearable and putting playgrounds on site, so the children have something to do besides driving the parents crazy.

We are willing to accept those responsibilities, but I cannot stress enough how important it is while this reauthorization is being looked at, the possibility of bringing the 40-some regulation conflicts between AFDC and food stamps into alignment, so that the programs can be administered well, and get us out of this morass of paperwork.

It may not solve our problems, it may not solve our storage problems, it may not solve our security problems, but we believe it is a step in the right direction.

Thank you for the opportunity to be here this morning and make these comments. I have left these all over the Capitol, I think I have been through all of your offices, but if you would like, I would be happy to make another available to you.

I do understand that this is pretty average size for most States, although some are larger and some are slightly smaller.

Thank you, Mr. Chairman.

[The prepared statement of Ms. Schaefer appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you. I would like to get one. You prompted me to do something I have been planning to do for some time. I live in a county of about 3,500 people, and I have been intending to go down as if I were an applicant and just see what exactly it is. I am going to do it.

I bet it is not that big.

Ms. SCHAEFER. You might be surprised. It might be even bigger.

Mr. HATCHER. You have certainly prompted me to do that. I am going to go see. I am wondering how much it does vary from county to county, of course, you have just indicated this is fairly representative.

Ms. SCHAEFER. I have been told that. I had no way of knowing, I am here with a food stamp package representative of California, but in my time up here on the Hill I have visited with 10 different offices on this issue, and they tell me it is pretty standard.

Mr. HATCHER. I gather from your testimony that you consider this a problem for this subcommittee, in this Congress and the USDA, rather than the county. In other words, the county has done what it can to simplify it?

Ms. SCHAEFER. Yes, as a matter of fact we have. I did meet with the Food and Nutrition Services, and told them that we would be willing to be a model for trying out a new form, something that would condense all that paperwork into one form. Our eligibility workers are working on a form right now, and we are hoping that we will be allowed an exemption to use that. But the law is very clear as to what has to be done, how it can be done, and what exemptions may be granted. Something has got to be done.

Mr. **Hatcher**. Well, maybe we can do that. I certainly appreciate your comments, and your making the trip here to Washington. That is a long trip.

Ms. **Schaefer**. I am very impressed with what you are doing, and I know you feel as I do, that the most important thing is that people who need these services, particularly the children that are involved, should get them as soon as possible.

That's the reason I am here, and I appreciate your help very much.

Mr. **Hatcher**. We don't need the roadblocks to them.

Mr. Herger.

Mr. **Herger**. Thank you, Mr. Chairman.

As a fellow Californian, I would like to welcome you here, Ms. Schaefer. I have one of your packets here, and it pretty well answers a question that I had. It sounds like you are working on what you feel is a form that would help solve a lot of these problems. I would certainly be interested to see that.

I don't know if there are any other specific recommendations you might have either now, or perhaps if you might extend this later, I would be interested in how it turns out, how it is working.

Ms. **Schaefer**. Thank you, I appreciate that. I did make written comments also to your office. We provided a list of 40 noncompliance items, differences, between the AFDC and the Food Stamp Program. That was from 1985 back in the State of California, and there have been very few items deleted from that list.

It would make the work of the eligibility worker easier and the ability of the client to get through this process easier. I cannot imagine we have reached this point where we have to come in—the vast majority of our clients are women who have been abandoned with children—to reach that low point of self-esteem and to be faced with something as menacing as this application.

Mr. **Herger**. Thank you.

Mr. **Hatcher**. Mr. Glickman.

Mr. **Glickman**. Ms. Schaefer, I am looking at this application requiring all sorts of medical information, and child-support questionnaires, citizenship status, alien status, veterans benefits, supplemental medical, privacy documents to sign. I am reminded that in the recent year I have been on the back of the Department of Agriculture to clean up a program called the Grain Support Enhancement Bonus Program, which is the program by which grain companies get very large bonuses for helping to sell agricultural products overseas. It is a very worthwhile program, and I support it. It has not had very many controls at all.

I made the point that we require much more documentation for a food stamp recipient to get $150 or $200 a month for food stamps, than we do to multinational grain companies giving millions of dollars in bonuses to move billions of dollars' worth of grain overseas. The level of potential fraud is just as great or greater.

I think both programs are good—food stamps and the Support Bonus Program. But it kind of shows how we are skewed into this "antiwelfare" mindset. Some would argue that many Government programs, including those today, the highest programs, may in fact be due to that context, as well.

I think your points here are very useful. I am aware that over the past year or so we have instructed USDA to simplify these forms. I don't think they have done it as yet. This would be intimidating for an educated person, let alone most people who qualify for food stamps, and are probably not graduates of graduate schools in this country.

The second point, you talk about the conflict in regulations. I don't know if the Hunger Relief Act that you have introduced, Charlie, addresses a lot of the conflicting regulations in the AFDC and Food Stamp Program, but I will submit that we probably ought to do what we can to conform that, since it will probably be another 50 years before we pass a comprehensive welfare reform.

Ms. **SCHAEFER**. It is my understanding that it does not significantly address the conflicts, however, I will say that just a reading of this gave me an impression of the Mickey Leland Memorial Hunger Relief Act, and I see one thing that was, the compatibility now between shelter allowances between the two programs. It is a major problem in some instances, for instance, in our migrant farmworker population, we find that people are required to report their budgets four times monthly and monitor them.

Also, because the discussions have gone on about the child support, our district attorney has been very aggressive about this. We have the highest success rate in the State of California for recovering parental support from the absent parent. That changes, too, because of the conflict in regulations a father or mother who makes the support payment one month may not make it the next, and that requires the recomputation of the budget. If payment is only partially made, it means the eligibility worker has to recalculate.

Mr. **GLICKMAN**. Let me ask you about the TEFAP Program. We have not really talked about that in your oral statement, of course that is a program by which surplus commodities are funneled largely through volunteer private organizations.

We had a hearing in Kansas of my subcommittee, which is the Grain Subcommittee, and at the end of the hearing we had a couple of people testify that it was OK, but it certainly had ceased to have the value it had had in years past, and we had to make a choice between food stamps and TEFAP, that we ought to choose food stamps. In fact, the TEFAP Program had some problems, confusions in the way volunteer organization dealt with surplus food.

Do you have any comment? Is the TEFAP Program actively used in Ventura County? Are your private organizations using it? Do you have any comments on that?

Ms. **SCHAEFER**. What little knowledge I have of it is that private organizations are using it, but it is far from perfect from the public services point of view. I don't have an answer. I apologize for that.

Mr. **GLICKMAN**. You have enough problems running your own program. We don't expect you to know everything about the others. Others will let us know, but I was curious if you knew something about it.

Thank you very much.

Ms. **SCHAEFER**. Thank you.

Mr. **ESPY**. Ms. Schaefer, I appreciate your comments and your testimony as well. Also, the fact of the method of our paperwork problems. We all recognize the importance of this. We would like to state that under the Leland Relief Act there is a provision called "one stop shopping," something that Congressman Emerson has been advocating for some time. This reduces the paperwork, and allows more convenient access to the eligibility and the program. Hopefully we can get that done and passed.

My question relates to how we are going to reduce storage costs for welfare records. You talked about the rooms this size holding up to all the cases for 5 months to 1 year. I noticed in your statement that case files stored for over 1 year must be stored at a cost of $30,000 or more, $360,000 a year. These are total case files since 1981. Also the storage you have to pay for like open cases and cases closed for 1 year.

Would it not be more cost effective to invest in the cost of putting this in microfilm, or keypunched, to be stored in a way that is readable?

Ms. SCHAEFER. That certainly would be a possibility, but you are talking about substantially more costs in a system where the regulations are constantly changing. The technology I have found, I find it takes a lot of manpower to get that information onto microfiche or onto a computer. It requires the storage of the file, some of these cases are long-time recipients.

They showed me one family that had a whole file cabinet full of material.

Mr. ESPY. Would the costs be short-term or one-time costs? That is, would it be more than made up for in the lack of storage costs?

Ms. SCHAEFER. I believe that it is a fair question and certainly something I would like to look into. But I will tell you that the paperwork and costs of converting it would be even less if the two areas and requirements were the same. You would not need all this paperwork.

Mr. ESPY. That is a point that is certainly appropriate.

Ms. SCHAEFER. Thank you.

Mr. HATCHER. Thank you again, Ms. Schaefer. We appreciate your being here.

Our next witness is Dr. Ann Peisher, associate State leader for home economics, from the University of Georgia Cooperative Extension in Athens, Georgia, testifying on behalf of the Society for Nutrition Education.

We want to welcome you, Dr. Peisher. Have they changed the name of the school at Athens yet?

Ms. PEISHER. No. They are trying.

Mr. HATCHER. We welcome you, and look forward to your testimony.

STATEMENT OF ANN PEISHER, ASSOCIATE STATE LEADER, HOME ECONOMICS, UNIVERSITY OF GEORGIA COOPERATIVE EXTENSION SERVICE, ON BEHALF OF THE SOCIETY FOR NUTRITION EDUCATION

Ms. PEISHER. Thank you, Mr. Chairman. On behalf of the Society for Nutrition Education, I am pleased to be here to testify about the Expanded Food and Nutrition Education Program—EFNEP—and other nutrition education activities. I work at the University of

Georgia as associate State leader for home economics, and previously I served as coordinator of EFNEP in my State.

Besides increasing the allotment for food stamps, we would like to ask that your committee consider two other important initiatives that will help low-income families better utilize their food stamps and promote good nutritional health.

First, we would like to ask that you increase by $5 million per year the EFNEP budget for each of the next 4 fiscal years. Second, we would like you to authorize nutrition education demonstration projects under the research, demonstration, and evaluation program section of the Food Stamp Act. These two initiatives would first enhance interagency cooperation for nutrition education activities and second, develop innovative ways to meet the needs of the low income.

The society believes that the first need of hungry people is adequate access to food. Your efforts, Mr. Chairman, and those of Congressman Panetta, and Congressman Emerson have addressed that need.

Second, low-income families need nutrition education. Nutrition education can help make sure that food is available on the last day of the month, just as it is on the first day. People who work with low-income families know that frequently the food stamps are there the first week of the month, but the last week they are gone.

Nutrition education can also enable low-income families to have a chance for health. According to the 1988 Surgeon General's report on "Nutrition and Health," 5 of the 10 leading causes of death in the United States are chronic diseases which are linked to nutrition, diet, and lifestyle. Low-income people are disproportionately affected by these diseases. These diseases consume a large percentage of our health care dollars.

We also know that prenatal nutrition and accessing medical care are big variables in whether or not an infant survives until its first birthday. The infant mortality rate is an important indicator of a society's health, and it is highest among low-income families. It is even higher among pregnant teenagers.

Pregnant teens taught by the EFNEP Program have sought medical care earlier and improved their diets, with adequate weight gain, so that they have a potential for great savings of public health care costs along with the chance of a surviving infant.

The estimated costs in Dougherty County, alone, in Georgia, for births to teenage parents were $4.5 million in 1987. Nutrition education is very important. EFNEP is doing a wonderful job of addressing these nutrition education concerns, but current funding levels make it possible for us to reach only 2 percent of those people who receive food stamps.

To give a national perspective of EFNEP, I would like to enter into the record an article that appeared in the Journal of Nutrition Education. I would like to use Georgia as an example of what has been happening with that level funding for EFNEP since 1982. It has forced us to constrict our outreach. The first way is that we have to target our education at high-risk groups, like low-income pregnant women and pregnant teens. Second, we have to concentrate on targeting the hard-core poor, instead of the general poor. Third, we target EFNEP resources to specific areas for short periods of time, which means that we have a situation where we do not have continuing education support in many areas.

Unfortunately, none of these creative management strategies can make up for the reduced level of the buying power of our Federal support. EFNEP is tremendously successful, but at its current funding level it cannot reach out to the growing needs of increasing numbers of low-income families, including those in rural areas with preschool children and pregnant teens. Additional funding is needed for EFNEP to bring nutrition education demonstration projects so that we can determine the best way to get nutrition education to low-income families.

Our successes in EFNEP have been great. But our missed opportunities with those people who get food stamps and don't get education are so much greater, and they are so heartbreaking, because as we work with EFNEP in the community, and we work with the people, we know that EFNEP nutrition education can make the difference for a family.

We can make a difference in whether a family's food stamps last until the end of the month and whether those food coupons buy candy, soft drinks, and chips, or whether they are used to buy more nutritious foods like milk, fruits, vegetables, and meats.

We can make a difference in whether families use their commodities wisely or whether they are thrown in the trash because they don't know what to do with them. We can make a difference in whether food-related pests and rodents are controlled or food is destroyed. We can make a difference in whether a family plants a garden and preserves the harvest or whether they do without vegetables throughout the winter months.

We can make a difference in whether an infant is breast or bottle fed and whether that infant gets fed soft drinks and coffee. We can make a difference in whether a pregnant woman increases her consumption of milk, fruits, and vegetables and decreases her consumption of alcohol, caffeine, cigarettes, and whether an unborn infant gets carried to full-term or is born prematurely, resulting in low-birth weight, which in turn increase its chance to be an infant death. We can make a difference in whether a single father can manage a household and keep his children at home.

We want nutrition education to make these kinds of differences for more people. But in order for EFNEP to do this, we have to have increased funding. I have tried to give you a small glance of what EFNEP is like and what the people are like who are reached by EFNEP. We would like very much to have you and your committee continue your work to make sure that low-income families not only have access to food, but they have access to the education that helps them use that food more wisely.

Thank you, Mr. Chairman.

[The prepared statement of Ms. Peisher appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you very much, Dr. Peisher.

Before we question you, we will hear from Mr. Raymond Scheppach, who is the executive director of the National Governors' Association.

STATEMENT OF RAYMOND C. SCHEPPACH, EXECUTIVE DIRECTOR, NATIONAL GOVERNORS' ASSOCIATION

Mr. SCHEPPACH. Thank you, Mr. Chairman. I thank you for the opportunity to appear before you this morning on behalf of the National Governors' Association.

I congratulate you for having introduced the Mickey Leland Memorial Hunger Relief Act yesterday. I know it represents a broad bipartisan effort. I have not yet had the opportunity to review it fully, but I will certainly do so shortly and will hope to continue to work with you on any concerns that the Governors may have.

I am particularly pleased to be able to come before you this morning because over the last several days, the Governors, working with the President, have adopted a series of national education goals. Among the goals is that by the year 2000, all children in America will start school ready to learn.

One of the objectives they endorsed to achieve that goal is that children will receive the nutrition and health care needed to arrive at school with healthy minds and bodies. Reforming the Food Stamp Program will directly help us to meet that objective, and it is a critical recognition of the very tragic role hunger plays in impeding the development of our children.

Also just yesterday, the Governors passed a new food stamp policy. With your permission, I would like to submit the entire policy for the record, and summarize it briefly.

The Governors call for reforms in three broad areas. First, reforms in self-sufficiency; second, reforms to encourage program coordination and consistency; and third, reforms to facilitate efficient, cost-effective administration.

With respect to the reforms to encourage self-sufficiency, the press release on H.R. 4110 indicates that you are willing to make most of our recommended changes. Essentially, we recommended five changes, and they seem to be incorporated in the bill.

First, changing the definition of a household in determining eligibility; second, increasing the excess shelter cap above $177; third, increasing the asset value of automobiles without decreasing eligibility; fourth, modifying the program so that it does not preclude needy individuals from attending college full-time; and fifth, amending the $50 disregard to encourage AFDC recipients to cooperate with the child support enforcement efforts.

Mr. Chairman, I commend the subcommittee for making these changes in the basic bill.

Concerning reforms to encourage program coordination and consistency, if the Food Stamp program is to more effectively play a role as part of an overall strategy to address the immediate and future needs of individuals in poverty, it must be better coordinated with other related programs. Too often, our anti-poverty programs represent a series of separate, unrelated initiatives that are compatible only by coincidence rather than by design.

To facilitate this type of program coordination, the Governors recommend that Congress establish a commission to examine the interrelationship between the AFDC, food stamps, and other assistance programs. An alternative to that, Mr. Chairman, might be to develop a working group of Governors and State leaders to work on the problem.

With respect to reforms to facilitate efficient, cost-effective administration, the Governors support a strong Federal-State quality control system that provides for a real partnership in controlling payment errors. We urge you to establish a fair and equitable system to assess State performance and encourage, rather than inhibit, management improvements.

It is our understanding that the 1988 package of reforms to the Food Stamp Program, albeit significant, did not represent complete reform of the Food Stamp QC Program. Dollars were few, the issues were complicated, and time was short. This reauthorization represents an ideal time to bring about reform.

We particularly urge you to support efforts to conform the food stamp quality control system with the AFDC Program. The Governors urge you to first eliminate the backlog of sanctions, and second to allow an administrative law judge to review all of the factors in the States' cases, in determining whether and to what extent sanctions should be lifted. As you know, similar provisions worked with the AFDC legislation.

We are pleased that the Mickey Leland Memorial Hunger Relief Act proposes to eliminate the backlog of sanctions through 1990. The provision is an acknowledgement that the sanctions comprising the backlog were developed during a period when the QC Program was critically flawed.

I understand this legislation as introduced does not reform the QC appeals process. We are disheartened that you have not addressed this issue, as the Governors believe that it still remains unresolved from the negotiations on QC in 1988, and we consider it an essential prospective change.

The Governors are deeply concerned that the U.S. Department of Agriculture's policy on the waiver of sanctions is unduly restrictive. However, if you do not believe you can bring the food stamp QC appeals process in line with that of AFDC, as an alternative, we urge you to reestablish the States' ability to appeal a denial of the waiver. As you know, States are currently prevented from doing so.

Before concluding, there are two other important issues I would like to mention. The first is the Governors' concern about the very low participation rate in the Food Stamp Program, and the second relates to our concern about the value of food stamp benefits in relation to the cost of food.

According to the Census Bureau and USDA, in 1988 there were 2.6 million more people living below the poverty line than in 1980, but on average there were 1.1 million fewer people receiving food stamps. To help bridge this gap, the Governors urge that the Federal outreach program be restored.

The Governors are concerned that the current value of benefits to recipients not be reduced and that they be adjusted as necessary to reflect the increased costs of food. We recommend that Congress commission a study by an independent nonpartisan organization to reevaluate how benefits are determined, including a review of the thrifty food plan.

I thank you again for the opportunity to speak to you this morning. I congratulate you on your efforts so far, and I look forward to working with as you move forward in the following weeks and months.

I would be happy to answer any questions.

[The prepared statement of Mr. Scheppach appears at the conclusion of the hearing.]

Mr. **Hatcher**. Thank you, sir.

You think the quality control system in AFDC is much better than in the Food Stamp Program, obviously?

Mr. **Scheppach**. Yes, sir. The Department Appeals Board seems to be able to review all circumstances of the broader scope of a particular program, resulting in an objective, fair review of the State's case.

Mr. **Hatcher**. We certainly will take a look at that when we ask for reauthorization of the Food Stamp Program. I appreciate your comments.

Dr. Peisher, certainly I would support, and I think the members of the committee would, additional funding for EFNEP. That is a very, very important function and it is reaching such a very small number of people.

Are there other ways to educate people? Is that the best way, additional funding for EFNEP, or do you have other suggestions for ways to get the information out to people about nutrition?

Ms. **Peisher**. I think I have to support EFNEP; it is the most stable way to reach a hard-core, hard-to-reach population. I think that additional funds are needed for the Food Stamp Act and demonstration projects to investigate other ways to reach families.

There are all kinds of poor people. There are the new poor and the homeless; poverty stratifies itself very easily. I think there are other ways that can be used to reach poverty levels that are not hard-core poor. I would question whether any of the demonstrations I have seen would beat EFNEP for reaching hard-core, hard-to-reach families.

But I think that low-income families can learn by many, many different methods. And there is also the potential for doing a lot of interaction and collaboration at the local level.

Mr. **Hatcher**. All of us are learning more and more, and we need to learn even more about what we eat, and why. Certainly, those people who are on food stamps and who don't have as much information as some of the rest of us, need to be reached.

I would like to thank you both for being here, and for your testimony.

Next we have a panel consisting of the Reverend Charles A. Parker, the executive director of Bread for the City here in Washington, DC, and Ms. Lynn Parker, director of Nutrition Policy and Research, Food Research, and Action Center in Washington, DC. She is accompanied by Ms. Cheryl A. Wehler, project director for the Community Childhood Hunger Identification Project, Food Research, and Action Center, and Mr. John Bouman, counsel for the Legal Assistance Foundation of Chicago.

Welcome to each of you, and we will hear from you in the order in which I have called your names, beginning with the Reverend Charles Parker.

STATEMENT OF REVEREND CHARLES A. PARKER, EXECUTIVE DIRECTOR, BREAD FOR THE CITY

Reverend **Parker**. Thank you, Mr. Chairman. It is a pleasure to be here and have the opportunity to speak to you this morning.

Bread for the City is a food pantry in Washington, DC. We have been in existence about 14 years. We work out of two sites, one up on 14th Street, and the other in the Adams-Morgan area. Both sites feed approximately 2,000 families per month.

I want to start off talking very briefly about the hunger situation in the District. As you probably know from the report produced by the Conference of Mayors last December, the status report on hunger and homelessness, there has been a nationwide increase in the demand for food assistance across the country. The demand has been higher in the District than any of the other cities surveyed, with a 43 percent documented increase in the demand for emergency food.

We at BREAD have seen a 30 percent increase over the course of the last year in the number of clients we provide for, just in our organization alone.

The city's poverty line also is far above the national average, with 1 of 5 people in the District living below the poverty line, and 1 out of 4 children. There are a number of issues that are related to and exacerbated by the poverty and hunger problems in the District. A recent report says that the District is marked 51st among all the States in the country in its infant mortality rate, 51st in the rate of low birth-weight babies; it has the highest drop-out rate in the country, and it has the highest juvenile incarceration rate in the country as well.

There are a number of organizations in the District that work to try to alleviate the hunger problems, many of which have been dependent on TEFAP for a number of years. Bread for the City has been very heavily dependent on TEFAP since this program began. In the fiscal year 1987–88, over half of BREAD's budget, about $250,000, was in the form of free commodities from the TEFAP Program.

Those commodities allowed BREAD to expand its services considerably over those years, and when the surplus commodities start running out, and the $120 million was used to purchase food through the Hunger Prevention Act, the amount of commodities dropped off considerably, so that in fiscal year 1988–89 we received just $70,000 worth of food.

So we had just about an 80-percent drop in the available commodities, and that reflects the situation citywide. A number of pantries that are smaller than BREAD went out of business entirely; a number of them had to close their doors for a portion of each month. BREAD has had to cut back the number of clients it supports as well.

I applaud the Department of Agriculture for putting in the $120 million that they have this year to continue the current level of TEFAP funding. Part of the problem we have been experiencing in the hungry community in the District is that the big drop-off in the amount of food available was so great, and over such a short period of time, that it did not really allow most of the hunger organizations to compensate. Most of the organizations we work with have started several kinds of fund-raising efforts to try to compensate for that drop.

We at BREAD have been somewhat successful in that, but not nearly successful enough to compensate for the loss of the food. So it is the rate of the drop-off that concerns us, and we would encourage the committee not only to put in the current levels of $120 million, but if possible, to increase that to give programs like BREAD and other pantries around the country a little more breathing space in terms of trying to raise funds from other sources to try and compensate for that lost food.

There are a couple other recommendations that I make in my testimony regarding TEFAP. One of the ways that you might think about increasing your sources available for TEFAP is to combine the TEFAP money with the $40 million set aside for soup kitchens. As opposed to food pantries in the city, which by and large are in desperate need of commodities, most of the soup kitchens that we work with on a regular basis, and have contact with, have more than enough food. There seems to be more resources than necessary set aside for the soup kitchens, while the pantries are suffering considerably.

If you would think about putting that $40 million in with the $120 million for TEFAP and buying all the food in household-size units so that it could be distributed to pantries and soup kitchens as needed on a jurisdictional level, I think that would make for a much better, more effective distribution of the food.

I also want to recommend the simplification of the paperwork that USDA requires in certifying people who receive TEFAP. There is a considerable amount of paperwork that not only do the organizations have to fill out, but that each client has to fill out to receive TEFAP commodities. USDA requires each organization to essentially certify that each client who receives TEFAP commodities falls within the income guidelines.

In most cases, the information they ask us to provide for USDA is duplicated by information that that organization has anyway. We keep that kind of financial information in our own records, so that when we fill out all the paperwork for USDA we create a lot of records for storage which generally are not examined anyway. By and large, it also duplicates information that is already there.

It also creates a barrier for a lot of smaller pantries from making use of the TEFAP commodities. A lot of pantries in the city are small organizations that are run out of churches. The amount of paperwork USDA requires really creates a barrier to their participation. If USDA required certification of the agencies distributing the food, rather than each individual client that receives food, that would considerably ease up the burden on the people who are participating in that program.

BREAD also does counseling referral work with its clients, especially about food stamps in general. There are a couple of quick recommendations I have put in my testimony about that. One is to generally increase the food stamp benefits. Most of BREAD's clients are senior citizens, many of whom are eligible for just the minimum 10 dollars' worth of food stamps. There are a lot of access barriers to get involved in the Food Stamp Program. A number of the previous witnesses have attested to them.

A lot of the folks who come to BREAD have spent 4, 5, or 6 hours sitting in food stamp offices and get 10 dollars' worth of benefits. The access issues themselves need to be dealt with on a citywide level. But if we increase the minimum benefit, it will make that wait more worthwhile, and will involve more people in the Food Stamp Program.

All of our clients are eligible for food stamps, and only about one-third of them participate because of the various access problems.

I appreciate the opportunity to talk with you this morning, and I will be happy to answer any questions.

[The prepared statement of Reverend Parker appears at the conclusion of the hearing.]

Mr. **HATCHER**. Thank you, sir.

Ms. Parker.

STATEMENT OF LYNN PARKER, DIRECTOR, NUTRITION POLICY AND RESEARCH, FOOD RESEARCH AND ACTION CENTER, ACCOMPANIED BY CHERYL A. WEHLER, PROJECT DIRECTOR, COMMUNITY CHILDHOOD HUNGER IDENTIFICATION PROJECT

Ms. **PARKER**. Good morning.

I am the director of nutrition policy at the Food Research and Action Center here in the District. The center works to alleviate hunger and poverty in the United States. We are particularly involved in the Federal food assistance programs. I would like to add, Mr. Chairman, that we certainly appreciate your and Mr. Emerson's support of H.R. 4110, particularly your support of the Food Stamp Program and the Temporary Emergency Food Assistance Program.

Cheryl Wehler will be giving our testimony this morning to describe the ground-breaking nationwide childhood hunger survey FRAC has embarked upon. She will give you some of our findings from surveys we have completed so far.

I think it will be interesting for you to note that if our findings so far hold up for other surveys conducted nationwide, we estimate conservatively that 2 to 5 million low-income children in the United States are hungry at any given time, and a total of 8 to 10 million children are either hungry or at risk of hunger, based on our survey results so far.

I then will talk about what the implications of our survey results appear to be in terms of the reauthorization of the Food Stamp Program and the TEFAP Program. I will explain that we estimate based on the data of the most recent survey we have done in Minnesota that the combination of two key provisions in this bill, the elimination of the cap on the shelter deduction and the increase in the food stamp allotment to 105 percent of the thrifty food plan would have the potential of increasing food resources for families by 10.6 percent. That means at least 10.6 percent more of these resources available just from those two provisions.

I will turn the testimony over to Ms. Wehler.

Mr. **HATCHER**. Ms. Wehler.

Ms. **Wehler**. Thank you, Mr. Chairman.

I would like to tell you this morning about the Community Childhood Hunger Identification Project, or CCHIP. As part of CCHIP, we are conducting nine scientifically valid surveys in all regions of the United States. In a given geographic area, 400 to 500 face-to-face interviews are conducted with a representative sample of low-income families with children under 12.

My testimony today will be based on the results of the surveys in communities in Connecticut, Seattle, and Hennepin County, Minnesota. In total this represents about 1,500 interviews. CCHIP research was guided by an advisory committee of 16 health professionals in social science research, child health and nutrition experts, and practitioners from universities, State, and national organizations and agencies.

We theoretically defined hunger as a mental and physical condition that comes from not eating enough food due to insufficient income sources, economics in the family, and the community. We measured hunger with a scale of eight questions that indicate whether adults or child members of households experience insecurity about resources to secure food, we perceived food insufficiency, actual household food shortages, and altered food intake due to the constrained resources.

A family is characterized as having a hunger problem if they answer five out of eight hunger questions positively. This hunger scale has both internal and theoretical validity, and as an indication of the confidence in its validity, these questions have been incorporated into the National Health and Nutrition Examination Survey—NHANES—conducted by the National Center for Health Statistics.

In these three sites, the prevalence of hunger ranged from the 18 percent to the 42 percent level. In addition, 37 percent to 57 percent of these families were at risk. Taken together, this means that between 65 and 81 percent of the low-income families with children under 12 in these samples reported having experienced at least one problem with food availability due to constrained resources.

If these rates of hunger and hunger risk hold for low-income families nationwide, we estimate that 2 to 5 million low-income children in the United States are hungry at any given point in time. A total of 8 to 9 million low-income children are either hungry or at risk of hunger at any given time.

Hungry children in Connecticut, Washington and Minnesota surveys suffered from approximately 2 to 3 times as many specific health problems such as unwanted weight loss, colds, and other infections, during the previous 6 months, than did children from nonhungry families. In addition, children who had more health problems were significantly more likely to be absent from school.

Hungry families rely on a number of strategies to obtain food or minimize food shortages. The lower their income, and the higher a household's hunger score, the greater the number of reliance strategies used. A significantly higher percentage of hungry families as opposed to nonhungry families buy less expensive food, get food from friends and relatives for their family to eat, get meals at soup kitchens, and get food from food pantries.

Respondents in the three areas said that they could feed their families with food stamps an average of 2.7 weeks. From the Hennepin County data, we know that the higher the family's gross income, the more cash they added to their food stamp benefits.

However, if we took the value of the food stamp benefits and the cash that families are able to add to their benefits combined, the total amount a household spent on food was on average only 78 percent of the estimated cost of purchasing the thrifty food plan market basket, which is also the maximum Food Stamp allotment.

A significantly higher percentage of hungry families spent more than 30 percent of their income on shelter costs than did non-hungry families. Further, 45 percent of hungry families spent over 50 percent of their income for shelter costs. Not surprisingly, the higher the monthly shelter costs, the more likely families were to rely on emergency food programs.

I would like to thank you for your attention, and thank you for allowing me to be here. This is a thumbnail sketch of the results we have compiled thus far. We hope to have the opportunity to share additional site results with you in the future. On behalf of the hundreds of families that we have talked with, I want to thank you for your efforts in this area.

[The prepared testimony of Ms. Parker and Ms. Wehler appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you, Ms. Wehler.

Ms. Parker.

Ms. PARKER. As you can tell from what Ms. Wehler has told you, the results we have collected so far in the CCHIP surveys are of great concern to us. We are concerned because we know that this kind of chronic hunger we are seeing can lead to malnutrition in children. The effect of malnutrition on children is substantial. They don't grow, they lose weight, they are more susceptible to infections, they are likely to be learning impaired. We have even seen indications in recent research that even short-term hunger affects children's ability to learn. So we are very concerned.

What kinds of changes in the Food Stamp Program does this data suggest might be desirable? I think it is important to put the CCHIP data in the context of what we know about the Food Stamp Program. We know that food stamp recipients are poor. The Department of Agriculture's most recent characteristics study shows that 94 percent of all households in the Food Stamp Program had a total gross income that was equal to or less than the poverty guidelines, and 39 percent were below half the poverty line. The findings from CCHIP suggest that a large percentage of these very people are likely to be hungry.

The same USDA report states that 51 percent of all the people participating in the Food Stamp Program are children—just the people whose health status and school attendance are negatively affected by hunger. We know that 83 percent of all the food stamp benefits go to these households.

Our data suggests that if we are serious about reducing hunger in the United States, we must increase food stamp benefits. It would be a very sound policy decision. H.R. 4110 does just that. We strongly support provisions in the bill which would raise the basic food stamp benefits in stages to 105 percent of the thrifty food plan.

Another problem highlighted by CCHIP data is the relationship between high shelter costs and hunger among poor families. As Ms. Wehler pointed out, nonhungry families spend a significantly higher percentage of their income on shelter than nonhungry families. In fact, almost half of the hungry families spent over 50 percent of their gross income on shelter costs.

It is clear from our data that low-income hungry households with children must spend a significantly higher proportion of their income on housing. Again, H.R. 4110 addresses this problem by phasing in the elimination of the cap on shelter costs. Current law really does decrease food stamp benefits to an unrealistically low level when we think about the level of hunger among families who need food stamp assistance.

As I said earlier, we did a special analysis concerning the potential impact of these two provisions I have talked about and what they mean to the families surveyed in Hennepin County. What we found was that if we increased the level of the food stamp allotment from what these families received in 1989, to the 105 percent proposed by the bill, and we eliminated the cap on the shelter deduction, it would increase the food resources for these families an average of 10.6 percent. For families who are living on very low incomes who are hungry and who have children, this is a substantial increase in nutrition.

I have only focused on two provisions in the bill, but we believe the passage of the entire bill will help significantly in reducing the problem in the United States. I would also like to add that we support the continued funding for the temporary emergency food assistance bill. Our data shows that a large percentage of hungry families turn to the emergency food programs for assistance.

I have also attached to our testimony a statement of principles concerning fighting hunger. I have attached a list of 110 national organizations that have endorsed this statement. We believe that H.R. 4110 is very much in line with the recommendations made by this statement.

I refer you to our written testimony for our comments on some of the Department of Agriculture's proposals.

I would like to close by saying that there is a growing concern among many people in our country about the large number of children that are being raised in poverty right now, and part of the reason we are concerned is that we know there is a relationship between poverty and hunger, and we know that hunger is an impediment to children's development.

We know that hungry children can't learn, and that adults who are uneducated or semi-illiterate cannot compete. So it is very important for us to think about making an investment in our children, and one way is through the Food Stamp Program, so that our future leaders will be educated effectively.

Thank you.

Mr. HATCHER. Thank you.

Mr. Bouman.

STATEMENT OF JOHN M. BOUMAN, SUPERVISORY ATTORNEY, LEGAL ASSISTANCE FOUNDATION OF CHICAGO

Mr. BOUMAN. Thank you very much.

I am going to summarize my written testimony, if I can.

I am here to speak against the proposals to make child support enforcement cooperation an eligibility requirement for food stamps. Let me clarify that. We are not at all against child support enforcement services being available, and being enhanced to recipients of food stamps. It is the making of it an eligibility requirement that we are against.

I speak based upon a great deal of information we recently gathered in connection with litigation in Illinois surrounding the AFDC-related child support requirement. Also, what I say is drawn from stipulations and fact findings by the court in that case.

When cooperation with child support enforcement is made an eligibility requirement, that means that if noncooperation is found, benefits are denied or deprived until full cooperation commences. We have to realize first, very realistically, what the cost of this is.

In Illinois, a woman and a child get $250 a month in assistance. When a woman's benefits are removed from the grant for noncooperation, the two of them now get $95 a month, which is the grant allowed for one child in Illinois. It is unrealistic to say that a child is not going to suffer because the woman's portion of the grant has been removed.

To add to this financial disaster, the removal of nutrition supports would complete the disaster. We found a high incidence in homeless shelters—we did an informal study in the winter of 1987–88 in Chicago shelters that served families. As many as 35 percent of the women and children in those shelters were there precisely because of what were called IV–D or AFDC-related child support sanctions.

We have heard repeatedly today about the particular impact on children of depriving them of nutrition, particularly the learning deficits, the nutrition and growing problems. The hungry children at these shelters were not even in school.

We also discovered that this was a statewide problem. The highest incidence of poverty and welfare receipt in Illinois is in several downstate rural counties in the far southern part of the State. So this is not limited to urban situations at all.

The problem with sanctions in the AFDC system is that they are inherently inaccurate. You cannot refine it down to just picking out totally incorrigible recipients. We found the phenomenon of workers simply not believing recipients. The court in our case, based upon expert testimony, found that there is a built-in personal bias that exists even in trained social workers with advanced degrees and training in objectivity. There is an inherent bias to make negative judgments about people who are in lower economic classes.

This bias comes out in welfare case workers, and certainly there is also an institutional bias, that if you are going to make a mistake, make it on the side of the benefits. What this means is that workers simply do not believe recipients when they claim to not know where the father is, or when they claim an excuse for failing to attend court or a meeting. Whenever credibility is an issue, caseworkers react negatively toward the recipients, and the result is a devastating sanction.

Moreover, cooperation with child support enforcement in the real sense is a very, very difficult thing to do. In order to cooperate in every day life with the Child Support Enforcement Program, a recipient has to attend several series of meetings. You have to meet with the worker, the lawyer, you have to go to court, and you have follow-up meetings about all those things.

In order to attend all those meetings successfully, you have to receive mail, which is a serious problem for many of these families, you have to understand the notices, you have to arrange for transportation and babysitters, and you have to be there at the right time and place. When you are dealing with a large court system, there is the additional problem of just coping with the confusing court system. We have instances of people who sat in court all day and never heard their name called, or were directed to the wrong courtroom, or sent home by clerks who made mistakes. These people were sanctioned.

Another feature of the sanction system is that it is very humiliating. It is a very intimate part of people's lives. When the system is one that is adversarial rather than cooperative, it is a much more difficult thing to ask people to do. When we are talking about the food stamp population that is not receiving AFDC, this additional feature of the Food Stamp Program is going to make food stamps even less attractive, and more underutilized. It will be that much more difficult and unattractive for people to get food stamps for which they are eligible.

The sanctions serve no purpose for child support enforcement. In our case we found that several times women were sanctioned even when the supposedly insufficient information they gave resulted in locating the absent parent. When the woman fails to show up in court, she is sanctioned even if the case was continued. Moreover, probably the great majority of the men here are poor themselves. So obtaining support is impossible anyway. There is no correlation between whether the woman and child will be deprived of their financial and nutrition supports through a sanction, and whether the sanction will have any effect at all on actually obtaining support payments.

Finally, we have found that the child support enforcement process, at least the sanctions side of it in Illinois, was not really very effective. The IV-D system cannot serve the current population, the people who are currently in the system. The parent locator service has eight staff and 50,000 to 60,000 pending cases.

The court system cannot give less than a 4- to 6-month continuance. There are thousands of backlogged cases in the State attorney's office at any given time because the court system will not allow new filings after its annual docket is filled up. The system needs resources, not demands for compliance. It needs resources to serve the people it is supposed to be serving now.

In Illinois, we have had a very aggressive sanction program during the 1980's. At any given time, we estimated that about 7,000 people were being sanctioned. In our court case, there were notices sent to people who could be identified as having been sanctioned during the 1980's. There were 56,000 notices sent out. Each one of those 56,000 families has a number of children in it. But during this time, Illinois ranked 35th in child support enforcement efficiency. Its performance in reducing AFDC costs was particularly low. In statistics gathered by the Children's Defense Fund, there was a child support payment, an actual payment made, in only 7.4 percent of the child support enforcement caseload. So there really is no relation at all between a sanctioning requirement, in other words, the eligibility requirement, and collecting support.

In fact, by consuming scarce resources to administer the sanctioning system, I think that system defeats the purpose of the Child Support Program. The resources are not focused where they are needed—the accounting systems, the locator services, the court process, and all these other parts of the program that must work in order for the program to produce child support payments.

The HHS never disapproved of anything Illinois did during the 1980's. So even though we won this case, for the purposes of the people who administered the AFDC Program on a Federal level, Illinois was not out of line. I say that by way of saying I am not describing what I feel is a unique problem in Illinois, or a unique situation. This is a problem across the country.

To conclude, the eligibility requirement of child support enforcement, I think, would cause people to avoid the Food Stamp Program and cause greater hunger than we have now, by keeping people who benefit from child support away from it, and by burdening the system with a host of more people who may not.

Thank you.

[The prepared statement of Mr. Bouman appears at the conclusion of the hearing.]

Mr. HATCHER. Thank you, Mr. Bouman.

Reverend Parker, you obviously think that the TEFAP Program is good and should be continued?

Reverend PARKER. Yes, sir.

Mr. HATCHER. You know that the Leland bill provides an additional $70 million in funding for that?

Reverend PARKER. No, I didn't. I would like to see a copy of that.

Mr. HATCHER. For the next year it proposes to increase it from $120 million to $190 million. So that's good news.

Reverend PARKER. Yes, it is. Very good news.

Mr. HATCHER. Ms. Parker and Ms. Wehler, we appreciate your testimony. Your surveys certainly support the legislative intent of the Mickey Leland bill, and while that is not a complete answer to our problem, I am glad that we do have that legislation pending as we go through markup of the reauthorization.

Mr. Bouman, thank you for your testimony. You deal directly with the agency and people who are dependent on this money.

Mr. BOUMAN. Yes, sir.

Mr. HATCHER. You raise some interesting points about whether it is cost effective, or how much more hunger might develop as a result, and we do appreciate your bringing this to our attention.

Thank you all, and this concludes the subcommittee hearing.

[Whereupon, at 12:25 p.m. the subcommittee was adjourned, to reconvene at the call of the Chair.]

[Material submitted for inclusion in the record follows:]

TESTIMONY OF HONORABLE RON WYDEN
SUBCOMMITTEE ON DOMESTIC MARKETING, CONSUMER RELATIONS & NUTRITION
February 28, 1990

Mr. Chairman, I want to commend you for holding this hearing today. The Food Stamp Program is one of the most important tools the federal government has to fight hunger.

It seems incredible, but the Food Stamp Program is now losing millions of dollars each year because food stamps are illegally traded for drugs, guns, stolen cars and illegal contraband. This robs the program of the millions of dollars that would have assisted the many needy families eligible for food stamps.

The Food Stamp Program is a valuable hunger relief program and cannot afford to be abused by a number of unscrupulous people who are trafficking food stamps. Corrupt grocers are at the center of this illegal activity because they are the only people allowed to redeem food stamps for money. You cannot trade food stamps for cash without the help of a grocer somewhere down the line.

The legislation I introduced, H.R. 4007, addresses the problem of food stamp trafficking by focusing its attention on the individuals who are the keys to this underground economy.

My bill, the Food Stamp Trafficking Prevention & Penalty Act, has three main objectives:

* First, it would give food stamp traffickers the same penalties we give money launderers -- a $500,000 fine and a 20 year prison sentence. Current penalties, a mere $10,000 fine and five year term, provide little incentive for prosecutors to bring cases.

* Second, it would set up a system to cross-check grocers to ensure that crooked ones do not get back into the program after they have been kicked out. For this cross-checking to work, grocers would supply to USDA their Employer Identification Numbers. The small number in the Program who are sole proprietors with no employees would instead supply their Social Security Numbers.

* Third, individuals convicted of this crime would be subject to federal asset seizure and forfeiture so the government could come in and seize the property attained from the illegal activity.

The proceeds from these fines and forfeited assets would reimburse to the state and federal agencies the cost of the prosecutions and investigations. The remainder of the money would be directed back to the Food Stamp Program to feed more hungry people.

Food stamp trafficking is a problem facing the entire country. In my own state of Oregon, police are busting drug houses and finding thousands of dollars in unredeemed food stamps, which are obviously being used as cash to buy drugs. Oregon gives out $12 million in food stamps per month. According to some USDA reports, up to 10% of these stamps are cashed fraudulently.

* In Los Angeles, the Los Angeles Times reported that the owners of a grocery store were convicted of illegally trafficking in $1.6 million worth of food stamps. In another case, a grocery store owner was arrested for allegedly buying food stamps at cut rates and then turning the stamps over to the federal government for cash.

* In Kansas City, Missouri, a women pleaded guilty after an undercover police officer paid her $10,000 in food stamps for 32 ounces of PCP.

* In Albuquerque, New Mexico police uncovered a black market food stamp operation when trying to catch car thieves. The investigators found that the customers of their sting operation wanted to purchase the stolen cars with food stamps.

* In southeast Texas, investigators identified individuals who were illegally trafficking in food coupons for cash, illegal drugs, and for other items such as cars and alcohol. Drug dealers were taking food coupons in exchange for as little as 50 cents on the dollar. The operation was named "Falling Snow" when it was realized that about 70% of all cases investigated in this operation involved cocaine.

* In Atlanta, Georgia, during four separate investigations between September 15, 1983 and September 18, 1989 owners and employees of A-1 Meats purchased $36,095 in food stamps with $24,060 in U.S. currency. These figures represent controlled "buys" where OIG special agents engaged in the illegal transactions with the subjects.

A-1 Meats was fronting for four other wholesale or discount meat vans that would be parked in front of food stamp offices waiting for recipients to leave. Research of Food & Nutrition Service records indicates that about $7.6 million in food stamps were redeemed through these businesses.

* The U.S. Department of Agriculture has told me that, in the Tidewater area of Virginia, the owners of two "rolling stores" were arrested for conspiring to distribute a controlled substance. The owners were allegedly selling cocaine on a regular basis in exchange for food stamps and were in the process of arranging a sale when arrested by OIG agents.

* Another USDA investigation reported that undercover agents in Charlotte, North Carolina exchanged over $125,000 in food stamps for large quantities of narcotics, stolen property, firearms and about $23,000 in cash. Sixty-eight persons, including 16 owners or employees of retail stores authorized to be participants in the Food Stamp Program were charged with food stamp trafficking and drug related charges.

I appreciate the assistance of the Committee staff, the USDA and the USDA Inspector General, all of whom have given me encouragement in developing this legislation.

Mr. Chairman, let me say in conclusion that many members of the House are hoping that the Food Stamp program can be expanded in the 1990 Farm Bill. The tightening of eligibility standards during the 1980s has cast too many of our citizens into the desperate position of needing nourishing food. By taking firm steps against fraud, we will assure the taxpayers that these funds are well spent helping these needy people. Thank you.

(Attachments follow:)

United States
Department of
Agriculture

Office of
Inspector
General

Washington,
D.C.
20250

February 23, 1990

The Honorable Ron Wyden
House of Representatives
Washington, D.C. 20515

Dear Congressman Wyden:

This is a follow-up to several discussions between your Legislative Assistant Alicia Knight and David F. Dickson of my staff, and a February 5 meeting between Ms. Knight, Mr. Dickson and Craig L. Beauchamp, Assistant Inspector General for Investigations. I am very pleased to hear of your interest in proposing legislation to combat fraud in the Food Stamp Program. Currently the Department's General Counsel (OGC) is reviewing the proposed legislation drafted by Ms. Knight. If OGC advises us of any legal objections, we will forward them to you. From my perspective, the proposed legislation could have an effective impact on the program in combatting fraud.

The Department's 1990 Farm Bill proposal also includes several initiatives to strengthen program integrity and to increase the penalties for violations of program provisions. In particular, we believe that increased use of electronic benefit transfer (EBT) will reduce the opportunity to divert program benefits. The Food Stamp Act should also be amended to provide specific penalties for EBT fraud. The proposal to require taxpayer identification numbers and periodic recertification of participating stores will improve the Department's prevention and detection of retail store violations. We also believe that the initiative to increase civil money penalties and mandatory minimum penalties will serve as a deterrent. For your information, I have enclosed a copy of the Department's proposed amendment to the Food Stamp Act (enclosure #1).

Ensuring the integrity of the food stamp program is a major concern of the Office of Inspector General (OIG). OIG's investigative activities in this area have traditionally focused on fraud by retailers. These cases involve retailers who are authorized to accept food stamps and redeem coupons that have been illegally obtained, as well as unauthorized retailers, some of whom have been previously disqualified from the program, who continue to accept food stamps in willful disregard for the law.

We also place major investigative emphasis on food stamp trafficking, which is the unauthorized acquisition of food stamps in exchange for nonfood items and their use as a "second currency" by persons not authorized to participate in the program. Although the latter problem is not new, it has recently received increased public attention due to the use of food stamps in drug trafficking transactions. The following are some examples of cases in which food stamps were used by undercover OIG Special Agents to purchase quantities of crack cocaine, marijuana and other controlled substances:

- In Arizona, a food stamp investigation conducted jointly with the Phoenix Police Department, resulted in the conviction of four individuals for illegally purchasing a large quantity of food stamps in exchange for cash, cocaine and marijuana. This case culminated a year-long investigation of a retail market which was described by the Phoenix Police as the center of drug related activity in south Phoenix. Two of the individuals were sentenced to periods of imprisonment and all four were ordered to make restitution.

- We developed information while conducting a food stamp trafficking case in Missouri which led to the discovery of three drug laboratories in southern California. During a search of the laboratories by OIG, the Drug Enforcement Administration and local police, 40 gallons of PCP and chemicals sufficient to produce another 600 gallons were seized. Six persons who pled guilty to charges ranging from unauthorized possession of food stamps to distribution of PCP, have been sentenced to serve from one and one-half years to 27 years in prison.

Enclosure #2 summarizes several additional food stamp trafficking cases which uncovered evidence of controlled substance violations.

We also investigate recipient and delivery system fraud (e.g. theft of food stamps or authorization cards, and fraud by federal or state employees who administer the program) in conjunction with other Federal and local law enforcement agencies. We find that this results in a more effective use of investigative resources, as well as improved intelligence gathering.

Enclosure #3 is a chart which lists the number of investigations and indictments for the past twelve years. The increased investigative activity during the years 1981-1983 and in 1987 was due to special projects. In 1982 we participated in the U.S. Attorney General's task force on food stamp fraud which was directed toward the prosecution of recipient fraud. In 1987 we initiated "Project Wipeout" which was an intensified effort by OIG, in conjunction with other investigative and prosecutive agencies, to address food stamp fraud.

In addition to court actions, FNS initiates significant administrative sanctions against authorized retailers who violate the law. In FY 89, FNS disqualified 2,252 retailers from participation in the program and assessed civil penalties against an additional 296.

Mr. Dickson has previously provided Ms. Knight with several of our recent Semiannual Reports to Congress which describe some of the investigations we have completed in the food stamp program.

If you have any questions or require additional information on this matter, please have a member of your staff contact Mr. Beauchamp at 447-3306.

Sincerely,

Leon Snead
LEON SNEAD
Deputy Inspector General

Enclosures

Enclosure #2
February 1990

U.S. DEPARTMENT OF AGRICULTURE
OFFICE OF INSPECTOR GENERAL

SUMMARY OF FOOD STAMP/DRUG TRAFFICKING CASES

1. In Charlotte, North Carolina, undercover agents exchanged over $125,000 in food stamps for large quantities of narcotics, stolen property, firearms, other property, and almost $23,000 in cash. Sixty-eight persons, including the owners or employees of sixteen retail stores authorized to participate in the Food Stamp Program, were charged with food stamp trafficking and drug related charges. Thus far, fifty-five persons have been convicted in the Western District of North Carolina.

2. Also in North Carolina, as a result of an investigation conducted jointly with the Charlotte Police Department, an individual arrested for drug violations was subsequently indicted by a Federal grand jury for a food stamp violation. During a search of the individual's motel room incident to the arrest by OIG agents, quantities of controlled substances and $342,551 in cash were seized. Later during a civil action in United States District Court, $288,613 of the money seized in the motel room was forfeited to the Government. Criminal action in this matter is pending.

3. In the Tidewater area of Virginia, the owners of two "rolling stores" (i.e., mobile vans) were arrested for conspiring to distribute a controlled substance. The owners were regularly selling cocaine in exchange for food stamps and were in the process of arranging a sale when arrested by OIG agents. Three associates also were arrested at the same time for having cocaine in their possession. Two additional subjects, including the sister of the two store owners, were charged in State court with either distributing cocaine and/or conspiring to distribute cocaine. Trial is pending.

4. Two investigative operations in Texas resulted in the arrest of 68 persons on food stamp trafficking and drug charges. In the first operation, conducted jointly with local police and the Texas Alcoholic Beverage Commission, 38 individuals were charged with food stamp and/or drug trafficking violations. Eighteen persons, including two retail grocery store owners authorized to accept food stamps, were charged with purchasing food stamps in exchange for cash or drugs. Twelve of those persons and 20 others were charged with distribution of narcotics, or with distribution of narcotics within 1,000 feet of a school. Thirty-seven of the defendants pled guilty or were found guilty at trial; charges against the other defendant were dismissed. In a second operation, conducted jointly with local police, 11 people, including one retail grocery store owner, were charged with food stamp trafficking, and 19 others were charged with distribution of a controlled substance. To date, 21 persons have been convicted.

Enclosure #3

Office of Inspector General, USDA
Workload Table/Food and Nutrition Service (FNS) Investigations

Fiscal Year	Total FNS Investigations Staff Workyears	Percentage	Food Stamp Investigations Staff Workyears	Percentage	Indictments FNS	Food Stamps
1989	93	34.3	72	26.4	534	513
1988	89	34.8	65	25.4	531	490
1987	89	35.8	81	32.9	417	361
1986	64	25.1	46	18	253	194
1985	65	24.3	45	16.8	340	252
1984	72	28.7	54	21.5	825	785
1983	122	45.5	99	38.9	1,056	1,042
1982	158	56.1	120	42.6	1,211	1,170
1981	131	45.7	97	33.9	867	791
1980	118	41.5	83	29.2	443	399
1979	95.5	35	70.5	25.8	357	329
1978	96	38.9	72	23.5	184	177

CITY OF ALBUQUERQUE

CHIEF OF POLICE
SAM V. BACA

POLICE DEPARTMENT

400 ROMA N.W.
ALBUQUERQUE, NEW MEXICO 87102

February 7, 1990

Congressman Ron Wyden
2452 Reyburn Ave.
Washington, D.C.

Dear Congressman Wyden,

In response to your inquiry concerning the store front operation conducted by the Albuquerque Police Department's Special Investigations Division into the illegal use of food stamps, we are including some of the pertinent information about this operation.

The investigation was conducted for an eleven (11) month period from February 2, 1987 to January 2, 1988. The purpose of the investigation was to attack an auto theft problem in the Albuquerque area, and developed into a multi agency investigation into various criminal activities. Parties to the investigation included the Albuquerque Police Department, the United States Department of Agriculture and the Federal Bureau of Investigation.

During the eleven month investigation, the agencies spent $100,300 in food stamps (street value of these stamps was $50,150) and approximately $20,000 in confidential funds. These assets were expended to purchase various types of property (both stolen and illicit). The investigators purchased everything from vehicles and narcotics to explosives and stolen property. We found that there was nothing we could not purchase using food stamps.

At the conclusion of the investigation we found we had recovered $957,246 in stolen property and sold $23,642 in food stamps for a total recovery of $957,246. There were 82 individuals arrested on a variety of charges. As of this writing, we have enjoyed 53 convictions and the balance are pending trial.

Our investigation reveled people in all walks of life were involved in this illegal activity.

This was not our first joint investigation with the F.D.A. where we used food stamps. We have jointly conducted investigations on at least two prior occasions that I am aware of, and each operation has been very successful.

I would like to take this opportunity to thank the U.S.D.A. for their cooperation and assistance.

Sincerely,

Sam Baca

Sam V. Baca
Chief of Police

CC: Congressman Steve Shiff, N.M.
Capt. Cliff Jenkins, Investigations

Texas
Department
of
Human Services

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Louis P. Terrazas
San Antonio

February 2, 1990

The Honorable Ron Wyden
The United States House of Representatives
1406 Longworth House Office Building
Washington, D. C. 20515

Dear Congressman Wyden:

Attached are details of "Operation Falling Snow", the southeast Texas investigation completed last spring that we discussed yesterday.

Food stamp trafficking (abuse) investigations conducted by the Office of Inspector General in Texas have increased from 19 in fiscal year 87 to 86 in fiscal year 89. Complaints have also increased sharply, especially allegations of individuals buying drugs with food stamps.

Because of crowding in our criminal justice system, cases developed on food stamp abusers must compete with other serious offenses in the state and federal prosecutor's offices. Any focusing of awareness to this increasing problem, such as tougher penalties for those guilty of wasting these limited resources, should be helpful in Human Services Fraud Control.

Please share a copy of your proposed legislation with Al Giles, our Director of Government Relations Office so we can track your proposed legislation.

Sincerely,

Gordon S. Hardy, CW[illegible]I
Inspector General 210-E

cc: Mr. Al Giles

John H. Winters Human Services Center • 701 West 51st Street
Mailing Address P.O. Box 149030 • Austin, Texas 78714-9030
Telephone (512) 450-3011

OPERATION
"FALLING SNOW"

EXECUTED: May 24, 1989

A
COOPERATIVE EFFORT
OF THE
ORANGE NARCOTICS TASK FORCE
UNITED STATES DEPARTMENT OF AGRICULTURE - O.I.G.
TEXAS DEPARTMENT OF HUMAN RESOURCES O.I.G.
ORANGE COUNTY ATTORNEY'S OFFICE
UNITED STATES ATTORNEY'S OFFICE - BEAUMONT, TEXAS

OPERATION "FALLING SNOW"

Operation "Falling Snow" is a joint operation of the Orange Narcotics Task Force, The United States Department of Agriculture's Office of the Inspector General, The Texas Department of Human Resource's Office of the Inspector General, the Orange County Attorney's Office, and the Office of the United States Attorney for the Eastern District of Texas.

Operation "Falling Snow" was initiated in November of 1988 and the focus of the operation was on identifying individuals in the Golden Triangle area who were illegally trafficking in food coupons for cash, for illegal drugs, and for other items such as cars and alcohol.

Previous investigations had indicated that a large number of persons were illegally trafficking in the food coupons. Drug dealers were taking food coupons in exchange for narcotics and legitimate businesses would also buy the food coupons for as little as fifty-cents on the dollar. Operation "Falling Snow" sought out the drug dealers taking food coupons for drugs and also sought out the businesses who were converting the coupons to cash.

The operation was named "Falling Snow" when it was realized that about seventy percent of all cases investigated in this operation involved Cocaine. The investigation concluded with 138 out of the 196 cases filed being directly related to cocaine.

Operation "Falling Snow" did not result in any criminal cases filed against persons at or on the grounds of our area schools but fourteen cases were filed against individuals for trafficking in the area surrounding schools. Legislation passed by the United States Congress makes such trafficking a federal violation and the United States Attorney's Office for the Eastern District of Texas will prosecute violators of this statute.

Persons illegally trafficking in food coupons (food stamps) threaten to damage a very valuable program designed to help those who are truly in need of assistance for the basics of life. Tax payers are being forced to subsidize drug trafficking when food coupons are used for narcotics or other ineligible products. Operation "Falling Snow" hopes to impact this in our area by getting traffickers off of the street.

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OPERATION FALLING SNOW

CASE INFORMATION

	FEDERAL	STATE	TOTAL	(%)
Cash for Cocaine	36	73	109	(56%)
Food Stamps for Cocaine	15	-	15	(8%)
Cash/Cocaine in School Area	7	-	7	(4%)
Food Stamps/Cocaine/School	7	-	7	(4%)
Cash for Marihuana	8	21	29	(15%)
Cash for Ectasy	-	1	1	(-1%)
Cash for other drugs	-	2	2	(1%)
Cash for Simulated drugs	-	10	10	(5%)
Food Stamps for Cash	11	-	11	(6%)
Food Stamps/Other (cars/liquor)	3	-	3	(+1%)
Theft	-	2	2	(1%)
Totals	87 (44%)	109 (56%)	196	(100%)

Note: A total of 138 (70%) of all cases were involving Cocaine.

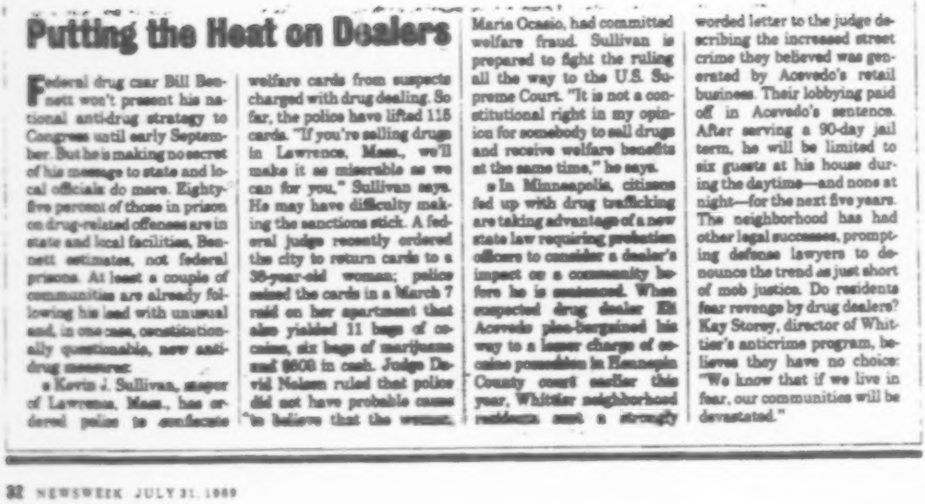
OPERATION FALLING SNOW

Age Information

Range of Ages: 18 - 51 Average Age: 28

Ages	Number	%
18 - 25	50	(55%)
26 - 35	2[illegible]	(30%)
36 - 50	10	(11%)
50+	4	(4%)
Total	92	

ATTACHMENT 5



Putting the Heat on Dealers

Federal drug czar Bill Bennett won't present his national anti-drug strategy to Congress until early September. But he is making no secret of his message to state and local officials: do more. Eighty-five percent of those in prison on drug-related offenses are in state and local facilities, Bennett estimates, not federal prisons. At least a couple of communities are already following his lead with unusual and, in one case, constitutionally questionable, new anti-drug measures:

• Kevin J. Sullivan, mayor of Lawrence, Mass., has ordered police to confiscate welfare cards from suspects charged with drug dealing. So far, the police have lifted 115 cards. "If you're selling drugs in Lawrence, Mass., we'll make it as miserable as we can for you," Sullivan says. He may have difficulty making the sanctions stick. A federal judge recently ordered the city to return cards to a 38-year-old woman; police seized the cards in a March 7 raid on her apartment that also yielded 11 bags of cocaine, six bags of marijuana and $608 in cash. Judge David Nelson ruled that police did not have probable cause "to believe that the woman, Maria Ocasio, had committed welfare fraud. Sullivan is prepared to fight the ruling all the way to the U.S. Supreme Court. "It is not a constitutional right in my opinion for somebody to sell drugs and receive welfare benefits at the same time," he says.

• In Minneapolis, citizens fed up with drug trafficking are taking advantage of a new state law requiring probation officers to consider a dealer's impact on a community before he is sentenced. When suspected drug dealer Eli Acevedo plea-bargained his way to a lesser charge of cocaine possession in Hennepin County court earlier this year, Whittier neighborhood residents sent a strongly worded letter to the judge describing the increased street crime they believed was generated by Acevedo's retail business. Their lobbying paid off in Acevedo's sentence. After serving a 90-day jail term, he will be limited to six guests at his house during the daytime—and none at night—for the next five years. The neighborhood has had other legal successes, prompting defense lawyers to denounce the trend as just short of mob justice. Do residents fear revenge by drug dealers? Kay Storey, director of Whittier's anticrime program, believes they have no choice: "We know that if we live in fear, our communities will be devastated."

32 NEWSWEEK JULY 31, 1989

ATTACHMENT 4

San Bernardino

The Daily Report, Wednesday, June 7, 1989 A3

NATION

Food stamps bartered to feed drug habits

KRTN News Service

DALLAS — Thousands of dollars in food stamps issued every month to feed residents of Dallas' worst poverty pockets are being siphoned off by addicts to feed their drug habits.

The government-issued food stamps, in fact, have become the currency — which officials estimated at $287,000 a year — of an illicit underground economy in the city's destitute areas, where they are bartered for everything from crack cocaine and alcohol to clothes and jewelry.

And the illegal diversion of the food stamps is a spiraling problem that state and federal regulators acknowledge they can't stop.

"You can buy almost anything with food stamps if you look hard enough," said Gordon Hardy, the inspector general for Texas' Department of Human Services, the agency responsible for overseeing the state's $948 million food stamp program.

"I don't know what a branch of government can do," he said, "particularly at a cost-effective level, to ensure that every one of these people ... spends those stamps for nutritious food. We (government) can't make people do the right thing."

Although the government sets stringent guidelines to ensure that the stamps get into the right hands, no agency oversees whether the stamps are used for their intended purpose. Government agencies can only guess at the amount of money involved in the illegal trafficking of food stamps for drugs in Dallas, where nearly 50,000 county households receive food stamps.

Government estimates place the figure at one-half of one percent of the $4.8 million in total benefits — about $24,000 each month. But Dallas police and clergy in West Dallas say the estimate is far too low.

Sgt. Herbert Steele, commander of the Lakewest station at George Loving Place, a public housing project in West Dallas, said the government's estimate of fraud probably would not even account for the total illegal trafficking in the Loving projects alone.

"Is $24,000 accurate? That's like asking, 'How long is a rope?'" said Steele, who has spent more than 20 years working in West Dallas. "It's a bunch. It's a business. It's an economy. I call it the 'poverty industry.' The poverty industry is alive and well in West Dallas."

That marketplace, based on two months of research by The Dallas Morning News in the George Loving Place projects, includes bootleggers who accept food stamps for beer and gin, and men who sell boxes of frozen meat and poultry stolen from fast-food outlets.

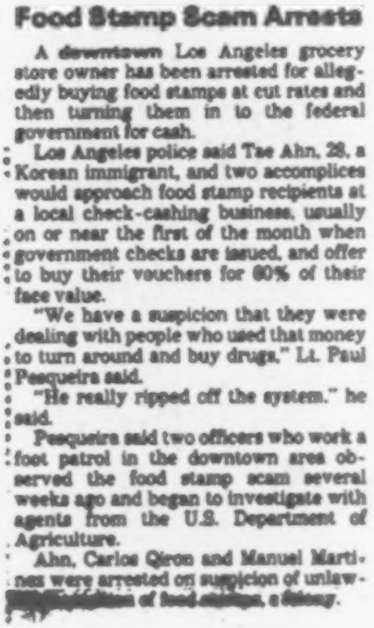
There are others who trade their food stamps for crack and then report them stolen, hoping to get additional stamps. A weekly parade of women carry duffel bags filled with new clothes for sale; the clothes still have store tags on them. Young men lug around stereos and VCRs. Trucks loaded with appliances and televisions cruise streets looking for prospective buyers.

The bulk of the money fueling this economy is taxpayer-generated: food stamps, welfare and Aid to Families with Dependent Children.

ATTACHMENT 3

L. A. TIMES

July 5, 1988



Food Stamp Scam Arrests

A downtown Los Angeles grocery store owner has been arrested for allegedly buying food stamps at cut rates and then turning them in to the federal government for cash.

Los Angeles police said Tae Ahn, 28, a Korean immigrant, and two accomplices would approach food stamp recipients at a local check-cashing business, usually on or near the first of the month when government checks are issued, and offer to buy their vouchers for 60% of their face value.

"We have a suspicion that they were dealing with people who used that money to turn around and buy drugs," Lt. Paul Pesqueira said.

"He really ripped off the system," he said.

Pesqueira said two officers who work a foot patrol in the downtown area observed the food stamp scam several weeks ago and began to investigate with agents from the U.S. Department of Agriculture.

Ahn, Carlos Qiron and Manuel Martines were arrested on suspicion of unlaw[illegible] of food stamps, a felony.

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ATTACHMENT 2

LOS ANGELES TIMES
Saturday, December 30, 1989
Page 1

COLUMN ONE

Trading in Fraud and Despair

■ Food stamps have become the currency of the street, fueling a vast illegal market in drugs, guns and cash.

By ERIC HARRISON
TIMES STAFF WRITER

DALLAS—Winter whipped into town the other day riding a norther down from Canada. But the bitter cold didn't keep the crack dealers indoors at the sprawling west Dallas housing project where the Rev. R.T. Conley was making his rounds.

"See," he said, pointing to a group of men shivering on the porch of a boarded-up apartment. "The crack dealers are always at their posts."

It was because of the crack dealers that the 57-year-old Baptist minister was there. Twice a week, he picks up as many children as his old brown van will carry in three trips and takes them back to his church, where he and his wife and a handful of volunteers feed them.

The reason: Crack-addicted mothers in the projects were bartering away the groceries he used to give away. They traded the food for drugs, the same as they were doing with government-issued food stamps.

"The children were suffering," Conley said, while the drug dealers reaped profits from the government program.

In Dallas and in cities and towns across the nation, the $12.69-billion food stamp program has become a foundation of a vast underground economy. The stamps are used to buy everything from stolen cars to cocaine, from stolen liquor to munitions, from machine guns to children.

"You can buy anything with food stamps," said Gordon Hardy, inspector general of the Texas Department of Human Services.

"In some areas, food stamps are the currency of the street," said David Ray, head of the Louisville, Ky., office of the U.S. Secret Service.

In Albuquerque, undercover policemen last year were offered two surface-to-air missiles in trade for food stamps.

In Kansas City, Mo., a woman pleaded guilty this year to a variety of charges after an undercover police officer paid her $10,000 in food stamps for 32 ounces of PCP. Investigators said she had links to both the Bloods and Crips street gangs and made regular trips to Los Angeles to pick up the drug, usually paying for it partly in food stamps.

In Los Angeles, owners of the Rene Cafe, a grocery, were recently convicted of illegally trafficking in $1.6-million worth of food stamps, said Brian Haaser, assistant regional inspector general for the U.S. Department of Agriculture's western region, based in San Francisco. "I see a continuing problem, and we don't have the adequate resources" to stop it, he said.

In all, an estimated $373 million in food stamps is lost each year to

Please see STAMPS, A20

STAMPS: Millions Lost Through Fraud

Continued from A1

fraud, theft and system inefficiencies, according to one government report. Officials of the Department of Agriculture, which administers the program, say no comprehensive studies have been done on the amount lost through fraud alone, but limited studies have suggested the figure is 1%, or $127 million annually. Some investigators think that figure is too low.

"That's how many people they catch," said Richard Allen, an Agriculture Department regional inspector general based in Atlanta.

"From our investigation here," said Don Bell, a former Secret Service agent who spearheaded an undercover fraud investigation in Louisville, Ky., "I would say that it has to be somewhere from 25% to a third of the food stamps in the Louisville area, and probably nationwide, that aren't being used for what they're supposed to be used for."

Federal officials estimate that perhaps as many as half the food stamp recipients in Los Angeles County are approached by people wanting to buy stamps at half their face value. The buyers wait outside of food stamp centers for prospective sellers.

Food stamps are as welcome as cash in many quarters of the criminal underworld. "If you're dealing in stolen property or drugs, my goodness, why should you be concerned about violating food stamp laws," said Hardy, the Texas Department of Human Resources official. "If you have a drug dealer taking food stamps for crack, you don't have a food stamp problem," he added. "You have a drug problem."

A total of $12.69 billion in food stamps is issued yearly to 18.7 million Americans, or one out of every 13 people in the nation, according to the government's figures.

Law enforcement officials across the country said it is easy to find merchants who are willing to illegally convert food stamps to dollars.

"You can go into virtually any urban area of the country, even into medium-sized towns here in Georgia with 25,000 people, and you can find this problem—you can find stores that are cheating the system," Allen said.

Food stamp fraud is committed in smaller rural communities, too, he said, but it is more difficult to catch there.

Unscrupulous store owners usually pay half or perhaps even a smaller fraction of the face value for the stamps, which they then turn in to banks at full value, making profits of 50% or more.

Street Currency

"That's how some of [the stores in depressed areas] keep their heads above water," said Gary Davis, a Phoenix police detective who conducted a yearlong investigation. "Some of these markets are having a hard time. If they go under, I don't know what the people who live in these areas would do."

He added that food stamps are a popular street currency also because they're very difficult to trace.

A total of $12.69 billion in food stamps is issued yearly to 18.7 million Americans, or one out of every 13 people in the nation, according to the government's figures. The coupons are used only once. When they're turned in, they are burned. The government keeps pumping out more than 2 billion coupons each year. "The serial numbers on them don't mean a thing," Davis said.

In Albuquerque, police stumbled on the black market in food stamps by accident. They were trying to catch car thieves. But, when investigators set up a sting using an auto-detailing business as a front, "people started bringing food stamps to us, and they started asking us to pay for stolen cars with food stamps," said Capt. Cliff Jenkins of the criminal investigations bureau.

"They said food stamps were less traceable and that they had a complete underground black market set up to handle food stamps," he said.

The police got in touch with the Department of Agriculture, which supplied officers with the stamps. During the year that the undercover operation was in business, the police traded $100,000 worth of food stamps for $436,000 in cash, cars, cocaine, marijuana, plastic explosives and automatic assault rifles. Fifty-two people were implicated. So far, 37 have been convicted.

"We knew that there was a black market dealing in food stamps," Jenkins said, "but we had no idea it was that large."

"You don't just have welfare mothers trading in their monthly stamps for cash," said Allen, referring to how the food stamps enter the underground economy. "You have everyday armed robbers and burglars who are stealing purses off of women . . . . Cash is probably their primary objective, but food stamps are their secondary objective because they're so easy to use.

"You have people stealing stamps from mailboxes, you have postal employees stealing stamps and you have large bulk-style thefts at transport facilities."

Larger Problems

There are also cases of state and local government employees stealing stamps at the distribution level. "If you're a pretty good case worker and if controls are lax, you can create 15 or 20 fake files and run them for a while and probably not get caught," Allen said. "Then you can close those files and create 15 or 20 more fake files."

Obviously, the food stamp problem goes far beyond the neglectful welfare parent who trades stamps for cash or drugs, but people who deal with the problem find such cases the most distressing.

"Some of these people are so desperate that they would sell their own children," said Bell, the former Louisville, Ky., investigator.

One of the men arrested in the Louisville investigation, the self-styled Rev. Earl Thomas Dowell, who died before he could stand trial, had already been convicted in 1984 and was out on parole for selling the sexual services of a 10-year-old boy for $6,000 in food stamps, Bell said.

Before the Louisville investigation ended, agents received information about a woman who was willing to sell her young child for "a few thousand dollars worth of food stamps," Bell said. "We were never able to make the contact or do anything about that one."

'We're Losing Two Generations'

Conley said he has seen similar desperation in the low-income west Dallas neighborhood where his church is situated and where he lives.

Conley, an orphan who had spent part of his youth living in the streets and whose own son died of a crack overdose two years ago, said he has lived his entire life in the more desperate sections of Dallas. But, when his eyes were opened to how the lives of children were being affected by crack, even he was shocked.

"The women were being ripped off, and the children were suffering," he said. "We're losing two generations"—the young people who now are hooked on crack and the children they bring into the world.

Crack, more than other drugs, appears to be addicting large numbers of low-income women, say social workers and government investigators. Crack dealers, by extending credit to welfare mothers in the housing projects, are keeping them in a kind of bondage, creating in effect a captive market for their product, Conley said.

"It's just like the old policy racket," he said. "When these people get their check, the first thing they do is pay their money [to the crack dealer]."

Removing Temptation

Sometimes, Conley said, he sees mothers who will buy groceries with most of their food stamps as soon as they come in the mail. This is to remove the temptation to trade the stamps for drugs. "But sometimes you see them carrying bags of groceries back to the store truck" to resell them at a loss for cash.

The children who eat in Conley's food program range in age from 2 to 15. Most of them already are well acquainted with crack and its ravages.

The other day at Conley's tiny church, after a meal, 10-year-old Lakendrick Burns said he didn't like living in the projects because of the danger. "There's too much dealing," he said. "They be shooting and there be accidents sometimes."

A 9-year-old boy named Sammy told of the time he saw men in a blue car park in front of his house. "They had Uzis and they started shooting," he said. "We were looking out the window."

The dealers are "15, 16 and 17 on up," said Larhonda Sauels, 14. "There's one boy 5 or 6, and he's dealing with his daddy. He be holding the stuff. When the police come, they put the rocks in the boy's pocket."

Conley said he started feeding children in 1987 after relatives who live in public housing told him that crack dealers "follow the mailman" on days when food stamps are delivered. He checked it out for himself, he said, and saw the dealers come out en masse on food stamp day, pulling their cars up onto the sidewalks to transact business.

"I saw mothers coming out and lining up, handing over their food stamps," he said. "I was sitting there in the church bus, looking right at them, but they didn't care."

Around this time, he said, a young woman from the projects called him and said she needed groceries because her three children were hungry. When he asked what had happened to the food stamps that he knew she had received the previous day, he said she told him they had already eaten the food they'd bought.

The preacher practices what could be called "harsh love" with the members of his west Dallas flock. When he went to the woman's barely furnished apartment and found the cabinets and the refrigerator empty, he admonished her until he said she broke down weeping, admitting finally that she had traded the stamps for crack. "She said, 'I need help,'" Conley recounted.

Ira Colby, a social worker and director of the criminal justice program at the University of Texas at Arlington, said such abuses represent a small minority of the food stamp program.

Most of the food stamps that enter the underground economy from individuals on welfare are traded, not for crack, but for necessities of life, he said. Government guidelines set the net monthly income limit for a family of four on food stamps at $971. The average per-meal/per-person benefit is 58 cents. The average monthly per-person benefit is $50.13

The Charlotte Observer Charlotte N.C 6/3/85 SERC
ublication City State Date Submitted By

First Ward Grocer Sentenced

Owner Imprisoned In Drug, Fraud Case

Adam "Ace" Rivers, owner of a landmark grocery store in Charlotte's First Ward, was sentenced to 10 years and eight months in prison Tuesday for dealing in cocaine and illegal food stamps.

Rivers, portrayed in a hearing as a God-fearing man who served his community, has spent much of his adult life in prison. But the 51-year-old Charlotte drug dealer lost more than his freedom this time.

The federal government will put Rivers' grocery store in First Ward, his $20,000 Ford leisure van and $70,000 in jewelry on the auction block.

In a plea agreement with prosecutors, Rivers agreed to give up his store and belongings and to plead guilty to 26 crimes, including cocaine trafficking and food-stamp fraud.

For example, Rivers was accused of buying $30,000 in food stamps with about a kilogram of cocaine.

Rivers' grocery store, van and jewelry will be sold under a federal law that allows the government to confiscate and sell property bought with drug proceeds.

The plea agreement discloses that Rivers and his wife, Willie Mae, owe more than $400,000 in federal income taxes and that Rivers' property will be sold to help pay that debt.

The agreement also called for Rivers to go to prison for anywhere from nine years and two months to 11 years and five months.

During Tuesday's sentencing hearing, defense attorney Lyle Yurko urged U.S. District Judge Robert Potter to consider Rivers' service to his community and his cooperation with authorities.

"We aren't here to excuse his past behavior," Yurko said. "You have seen his other side."

That other side Yurko referred to is Rivers' reputation among fellow United House of Prayer church members as a kindly, God-fearing man who gave people money and let some shop free in his grocery.

Rivers, who grew up in Charlotte, has spent about 20 years in prison, according to public documents.

In January 1986, he got a $120,000 low-interest loan from the city to build Rivers Mart at 7th and Caldwell streets. City officials praised it as an outstanding use of tax money to spur investment in a poor area.

But the city scuttled the loan after learning that Rivers had a criminal record dating back to 1953.

Later, Rivers was indicted in connection with a multimillion-dollar subterranean marijuana farm in South Carolina. He pleaded guilty to conspiracy to row marijuana, served 16 months in prison and was aced on probation.

State — Publication | Columbia — City | S.C. — State | 4/22/84 — Date | SERO — Submitted By

Food stamps used to buy drugs, liquor in sting operation

By MARGARET N. O'SHEA
Staff Writer

Federal agents swapped food stamps for cash, alcohol, cocaine and crack during a six-month investigation that ended this week in grand jury indictments against 36 South Carolinians.

U.S. Attorney F. Bart Daniel said Thursday the suspects were charged with food stamp fraud and some were indicted for selling drugs.

Daniel said the suspects were identified from citizens' complaints, then approached by agents to see if they would participate in illegal transactions. The operation used $10,000 worth of food stamps to buy $5,000 in cash and thousands of dollars worth of illegal purchases, including beer, liquor and drugs.

About half the purchases were made in "mom-and-pop" grocery stores, Daniel said. If the merchants are convicted, the government will try to revoke their right to redeem the food coupons.

The food stamp program, operated by the U.S. Food and Nutrition Service, issues welfare mothers and other indigent people coupons that can be used to buy food in grocery stores. The value of the stamps depends on a family's income level.

It's illegal to use food stamps for anything other than food. The only people legally entitled to possess them are the qualified poor, who are supposed to use them to feed families, and government-approved merchants, who accept the stamps at the grocery checkout like cash.

Food stamp fraud has a profit motive, said John Barton, Daniel's top criminal prosecutor.

"The indigent may get $100 worth of food stamps for nothing," Barton said. "If they can sell those stamps for $50, they've made a profit. The merchant can then redeem the stamps for full-face value, so he's made a profit. Everybody profits but the taxpayer."

Richard Allen, FNS regional inspector general, said food stamps are "recognized by the criminal element as a valuable item they can get rid of very quickly."

"It's bad enough when middlemen are taking the taxpayers' money," he said. "When they prevent food from getting to the tables of needy people and their children, that's bad, too. But when food stamps are used to buy drugs, that's intolerable," Allen said.

Suspects indicted on drug charges as well as fraud were Anthony Augustus of 721 North Comptonville St., Columbia; Donald Eugene Padgett of Allen Benedict Court, Columbia; James Earl Jones Jr. of Hendley Homes, Columbia; James Brown of 840 Murray St., Sumter; and George Wilson of 71 Johnson St., Sumter.

The grand jury said Brown and Wilson took food stamps for crack cocaine, and the others sold cocaine for the stamps.

Local authorities charged Don Allen Bryant of Route 2, Bamberg, with possession of drugs with intent to distribute them, and his federal charges were limited to food stamp fraud. Bryant operates a grocery store in Bamberg.

Other food merchants who stand to lose their right to accept food stamps if convicted were:

Barry B. Ashley, Route 1, Honea Path; Jacqueline Simon, Route 2, Eastover; Kenneth F. Foster, Route 1, Anderson; Donald Lamar Foster, 310 Knollwood Dr., Anderson; Isaac Green, 2115 Mayo St., Orangeburg; Shirlan Langston, Route 1, Timmonsville; Bobby A. Monroe, Route 2, Honea Path; Larry Sinclair, Route 5, Anderson; James Michael Smith, 400 Hamilton St., Williamston; and Lincoln Poole, 111 [illegible] Lane, and Phillip Smith, 1101 Pinehurst Dr., both of Columbia.

Others charged by the grand jury were Bonnie M. Brown, 377 Henley St., Orangeburg; Oscar E. Glover Jr., Route 7, Orangeburg; Gary Jackson, 3 [illegible] St., Pelzer; Michael Charles McDonald, Route 4, Lancaster; William Bauer Steele, Route 10, Lancaster; Terry Lee McFadden, 14 Arkansas St., Sumter; Donald Eustace Morris, Route 7, Lancaster; Samuel Toney, 373 Manning Ave., Sumter; Elisha Peterson, address unknown; and in Columbia, Cora Lee Pickett, 1301 Elmwood Court; Leon Perkins, 1401 [illegible] St.; Purvis Charles McCray, 314 Richerson Rd.; Ruby Lorell McClinton, 1015 Randall Ave.; Ethel Cassandra Hyman, 2105½ Cherry St.; Henry Thomas Bowen, Hendley Homes; Ernest Anthony Dozier, 316 Pearson Drive; Ellie Mae Washington, 348 McRae St.; and Bruce Caldwell, 2309 Pearl St.

The maximum penalty for food stamp fraud, if convicted, is five years in prison and a $250,000 fine. Federal drug distribution charges carry a maximum possible penalty of 20 years in prison and a $1 million fine.

Daniel said the undercover operation was so successful that the U.S. Department of Agriculture has decided to open an investigative office in Columbia to pursue food stamp fraud in the state. Such investigations have been handled until now from Raleigh, N.C., or Atlanta. □

The toll-free number for reporting suspected food stamp fraud is 1-800-424-9121.

The Atlanta Constitution — Publication
Atlanta — City
GA — State
9-19-89 — Date
SERO — Submitted By

Authorities Arrest Five in Alleged Food-Stamp Fraud

By Adam Gelb
Staff Writer

Federal agents and Atlanta police smashed a food-stamp fraud ring Monday, arresting five people they said were buying the stamps from recipients at about half their face value and cashing them in at banks for the full value.

The scheme was run out of two or three trucks that the operators parked outside food-stamp distribution centers throughout the city under the guise of selling meat, authorities said. The suspected ringleader is a discount grocer who is authorized to exchange the stamps at banks for cash.

Agents have arrest warrants for four more people and expect to charge additional suspects, said Richard Allen, regional Inspector General for the U.S. Department of Agriculture (USDA). He refused to identify the suspects.

Mr. Allen declined to say how large the group's profits were, but sources close to the investigation said it was making tens of thousands of dollars a month over the past three to four years.

Authorities said the arrests dramatize a disturbing new twist in the drug plague: impoverished addicts willing to go hungry for the brief euphoria of a cocaine high.

"An awful lot of people are selling their food stamps for money to buy drugs," Mr. Allen said. "We've had them buying sawed-off shotguns, TV sets and all kinds of things, but more recently with drugs, it's really exacerbating the problem."

He said some drug dealers will accept food stamps as direct payment for drugs. In the past 11 months, he said, 70 people in eight Southern states have been arrested for food-stamp fraud.

USDA officials who administer the Food Stamp Program denied there is a widespread problem of recipients trading their stamps for cash or drugs. The coupons are issued only to buy food.

"The vast majority of food-stamp recipients do need food stamps and use them for food," said Steve Watson, a spokesman for the department's Food and Nutrition Service.

About 460,000 Georgians will receive nearly $300 million in food stamps this year, an average of $52 per person per month, USDA figures show. Fulton County had 66,108 people on its food-stamp rolls in January, each receiving about $58 in stamps that month.

The inspector general declined to say how long agents have been investigating the case, but Atlanta police said they first heard about it a month ago from someone who thought men were selling drugs from a meat truck at Charlotte Place and Bankhead Highway northwest.

"The people weren't walking away with meat," Mr. Allen said, "and when you look at the meat in the truck you wouldn't think they'd want to buy it."

Two suspects were arrested Monday at separate locations after they bought thousands of dollars worth of food stamps from undercover agents, Mr. Allen said. The agents posed as thieves who had stolen the stamps.

The suspects, who paid between 50 and 75 cents on the dollar for the stamps, were charged with numerous offenses, ranging from operating without a city business license to federal felony food-stamp fraud.

Several of the suspects have been convicted of similar offenses in Alabama and had more charges pending against them when they were arrested Monday, authorities said.

Testimony of the
HONORABLE RAFAEL HERNANDEZ COLON
GOVERNOR OF THE COMMONWEALTH OF PUERTO RICO
before the
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON AGRICULTURE
SUBCOMMITTEE ON
DOMESTIC MARKETING, CONSUMER RELATIONS AND NUTRITION

February 28, 1990

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to testify before you today about nutritional programs in the 1990 Farm Bill. I also wish to express my appreciation for the consideration this Committee has historically shown for your fellow citizens living in Puerto Rico.

I come before you, however, at a time when the needy U.S. citizens of Puerto Rico face an unconscionable threat to their health and well-being. As you know, in its 1991 budget proposal, the White House crafted a mischievous plan that would completely exclude Puerto Rico from any specific program for nutritional assistance. Rather than advancing a plan to restore Puerto Rico's full participation in the Food Stamp Program, which we had from 1974 to 1982, the OMB proposal recommends a drastic, permanent 15 percent cut in funding and transferring those funds out of USDA jurisdiction.

As of today the people of my Island are the only U.S. citizens anywhere who are not afforded the basic nutritional guarantees of the Food Stamp Program. Far too many of our people who would have full Food Stamp benefits if they lived in any U.S. state or jurisdiction receive no federal nutritional assistance at all in Puerto Rico.

Mr. Chairman, I know you would strongly agree that there is no justification for a policy that forces U.S. citizens in Puerto Rico to bear burdens of hunger and malnutrition from which all other Americans are spared. The time is overdue to put an end to this monumental inequity. It is time to restore Puerto Rico to full participation in the Foods Stamp Program. I respectfully urge the Committee to reject the OMB proposal and to take all necessary steps to provide equal nutritional assistance to the needy citizens of Puerto Rico over the period of the 1990 Farm Bill.

From 1974 through 1982, Puerto Ricans were full participants in the Food Stamp Program. Then, in 1982, Puerto Rico was singled out and excluded from participation in the program. Instead, there was established a block grant with a funding cap, set 25 percent lower than under the Food Stamp Program and frozen for four years.

In order to bring costs within the cap, the Commonwealth was forced to restrict eligibility standards severely and to slash benefit levels. As a result, one hundred thousand families were cut out of the program. Moreover, while an average family of four receives a monthly allotment of $331 in all other jurisdictions of the U.S., such a family receives only $199 in Puerto Rico.

While available food benefits are less than those in the U.S., food costs are higher. Weekly food costs per household in Puerto Rico amount to $76 compared to $68 in the U.S. And that gap between U.S. and Puerto Rico food costs has been increasing. In fact, the U.S. government has recognized the higher cost of living in Puerto Rico by establishing a higher COLA rate for federal employees on the Island.

Under the national Food Stamp Program a family with an annual income of $15,732 or less is eligible for nutritional assistance, while in Puerto Rico the eligibility limit is only $8,000. Let me underscore that Mr. Chairman: a family of four in Puerto Rico earning $8,500 a year is not entitled to any help from NAP to feed their children.

Yet such a family living anywhere else would be entitled to full Food Stamp benefits. By "anywhere else," I do not mean only the 50 states. It is important to understand that Guam, the Virgin Islands and the Commonwealth of the Northern Marianas all participate fully in the Food Stamp Program.

Indeed, it is incredible but true that non-U.S. citizens residing in any of the states receive more nutritional benefits than U.S. citizens residing in Puerto Rico. That means that someone who just arrived in New York City from the Middle East or Southeast Asia has a greater entitlement to basic federal protection against hunger than the U.S. citizens of Puerto Rico.

Current per capita income in Puerto Rico is about one-third of the U.S. average and one-half of that of even the poorest state in the Union. Some 58% of all families in Puerto Rico have incomes below the federal poverty level, by contrast with 14% in the U.S. Two out of every three children in Puerto Rico live in poverty, as contrasted with one out of five on the U.S. mainland.

Not surprisingly, there are disturbing nutritional deficiencies in Puerto Rico. Of the ten first leading causes of death in Puerto Rico, inadequate nutrition is a contributing factor in six. A 1985 Congressionally-mandated evaluation of the Nutrition Assistance Program ("NAP") showed deficiencies in iron, vitamin A, calcium and niacin. The restrictions on NAP have increased the percentage of households failing to meet the recommended daily allowance for caloric intake and key nutrients.

Puerto Rico's exclusion from the national Food Stamp Program has had other unintended, unjust effects. Last fall, Puerto Rico, North Carolina, South Carolina and the U.S. Virgin Islands were struck by the devastation of Hurricane Hugo. Emergency nutritional assistance was made available to the U.S. citizens of the Virgin Islands and the Carolinas left homeless by this unprecedented disaster. Yet those left homeless in Puerto Rico were denied this vital assistance.

The current inequitable situation not only profoundly harms the health and well-being of the U.S. citizens of Puerto Rico but impacts the economic interests of the U.S. mainland as well. Puerto Rico is the third largest export market in the world for U.S. agriculture--after Japan and Canada. In 1987, Puerto Rico purchased $1.3 billion of food and agricultural products from the U.S., representing more than 70 percent of all of its outside purchases of such products.

Mr. Chairman, given the critical need for improved nutrition in Puerto Rico, I found it incomprehensible that the Administration's Fiscal 1991 budget not only fails to advance a plan for fairness, but actually recommends drastically slashing the current inadequate funding levels.

This recommendation may represent merely another set of numbers, another line item, to OMB. But to the people I serve, it means intolerable human suffering and misery.

This cruel and insensitive proposal, I respectfully suggest, is not merely another opening position in the normal cycle of the budget making process. It is not a good faith proposal for controlling costs or improving efficiency. Rather it shows profound disrespect for the U.S. citizens of Puerto Rico, who are proud of their relationship with this country.

Mr. Chairman, my initial reaction was that such an outrageous proposal could only be the result of an oversight or computer error. But instead we found the Administration's true motivation for this proposal in the justification document released by the Office of Budget of HHS. That document states that the Administration proposal would "facilitate transition to any new political status Puerto may choose under the President's self-determination goal...." That, of course, is a reference to legislative proposals for a referendum in Puerto Rico on the future political status of the Island. It makes clear the Administration's intention to make hunger a weapon in that political decision.

S. 712, currently being considered by the other body, would afford the people of Puerto Rico an opportunity to choose among three status options: to remain associated to the United States through either enhanced Commonwealth or statehood, or to sever all ties to the U.S. through independence. In order for this choice to rest with the people of Puerto Rico, the U.S. Congress has to present three balanced options. If the options are unbalanced, it is the Congress who makes the choice, not the people.

Unfortunately, the Senate bill, in its current form, is severely unbalanced. In the case of Food Stamp and other benefit programs the bill offers an immediate increase in benefits the first year of statehood but no improvement if the people elect to enhance Commonwealth status.

The applicability of federal social programs to Puerto Rico is an issue of basic justice for U.S. citizens. It is not an issue of political status and every Commonwealth Governor, whether pro-statehood or pro-Commonwealth, has supported restoring full participation. If the people of Puerto Rico are to truly exercise their right to self-determination, they have to be presented with balanced alternatives.

Without full participation, the referendum cannot be fair or balanced. To those currently denied adequate nutrition, the lure of immediate and substantial increases in food benefits will distort the fundamental choices facing the voters. Hunger should not be used as a political weapon in an election among U.S. citizens. If full participation is to be restored--as I fervently believe it should be--it should be restored under Commonwealth or statehood. The Administration's recommendation to take a meat cleaver to the already inadequate benefits is nothing more than a transparent attempt to manipulate the referendum. It should be seen for what it is and rejected out of hand.

Mr. Chairman, in our lifetimes there has never been a greater opportunity for realization of peace and prosperity everywhere--for the expansion of social justice and political democracy. The United States has served as the example and inspiration for the entire world in this great movement. It is only proper that we become even more worthy of this emulation by eliminating inequitable treatment of our own people in an area so basic and fundamental as fighting hunger. Mr. Chairman, I am confident that under your leadership we can take this significant step towards redressing inequity, meeting human needs and making possible meaningful self-determination for the people of Puerto Rico.

Thank you very much for your time and your attention and I would be happy to answer any questions you may have.

TESTIMONY OF
BETTY JO NELSEN, ADMINISTRATOR
FOOD AND NUTRITION SERVICE, USDA
BEFORE THE HOUSE COMMITTEE ON AGRICULTURE
SUBCOMMITTEE ON DOMESTIC MARKETING, CONSUMER RELATIONS, AND NUTRITION

FEBRUARY 28, 1990

Good morning. Mr. Chairman, Members of the Committee, I am Betty Jo Nelsen, Administrator of the Food and Nutrition Service (FNS), U.S. Department of Agriculture. It is my pleasure to be here today to present to you the recommendations for the food assistance programs to be contained in the Farm Bill.

We have been working hard at the Food and Nutrition Service to develop food assistance proposals that we believe will best serve our nation's low-income population. For the past three weeks, Assistant Secretary for Food and Consumer Services Catherine Bertini and I have met with many of you to begin outlining some of the FNS proposals. We join with Secretary Yeutter in pledging to work with you in an expeditious manner to have the 1990 Farm Bill on the President's desk as soon as possible.

In introducing the Department's Farm Bill recommendations earlier this month, Secretary Yeutter praised the 1985 Farm Bill as putting American agriculture on the "right course." As the Secretary has observed, our objective now should be to improve upon this base, to make it "work better--more responsively, more flexibly...."

So, from the start our goal has been to develop proposals to make the food assistance programs we administer more responsive to the 35 million low-income Americans our domestic food assistance programs serve and more flexible to administer.

USDA has been known as the "People's Department" for 127 years, and I am proud that the programs administered by our agency have become such a vital component of USDA's commitment to the nutritional well-being of the American people. As we begin the last decade of this century, spending on food and nutrition programs accounts for almost half of the Department's total expenditures.

Today, I would like to bring into focus some of the initiatives we are proposing as modifications to the 1985 Farm Bill. Let me begin my discussion of our specific proposals with the Temporary Emergency Food Assistance Program, or TEFAP.

TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM (TEFAP) REAUTHORIZATION

USDA instituted household distribution of commodities in 1981 after accumulating large inventories of surplus dairy products. Over 5.5 billion pounds of commodities (valued at over $5.5

billion) have been distributed since the program began, and at its peak in 1984, TEFAP provided over $1 billion annually in commodities to 15 million participants. Because the Department distributed over 5.5 billion pounds of surplus commodities (a majority in dairy items) and because the price support level for dairy products was reduced, Commodity Credit Corporation (CCC) inventories of dairy products were sharply reduced. As a result, cheese and non-fat dry milk donations were discontinued during Fiscal Year 1988.

In the Hunger Prevention Act of 1988, as an interim measure, Congress authorized purchases of additional commodities for two years to avoid an abrupt cutoff of commodity distribution. The 1988 law required the Secretary to spend $120 million in fiscal years 1989 and 1990 to purchase, process, and distribute commodities. Over 141 million pounds of commodities such as peanut butter, canned pork, beans, egg mix, and raisins were purchased for TEFAP distribution in 1989. Our purchases for this fiscal year are similar in amount and in type of commodities.

USDA commodities distributed through TEFAP complement the distribution of private food donations. Without USDA commodities, some private nonprofit agencies would have only a few food items to donate and would not be able to stay open with such a small range and variety of foods. The relatively stable supply of USDA foods given these private organizations is a good source of extra items to go along with the varying items they receive from time to time from private sources.

The Department is requesting reauthorization of the distribution of surplus commodities through TEFAP and funding for commodity purchases ($120 million annually). Depending on market conditions, available supplies, the appropriateness for use in TEFAP, and the requirements of the Hunger Prevention Act, USDA will attempt to target commodities that are in surplus.

ADMINISTRATIVE FUNDING FOR TEFAP

Since 1983, $50 million has been authorized annually for State and local administrative costs of distribution. The Hunger Prevention Act of 1988 also permits TEFAP funds to be used for State and local agency costs of distributing non-TEFAP commodities.

Federal administrative funding ensures the stability of the local organizations that distribute TEFAP commodities. Forty percent of administrative funds must be passed on to local agencies.

The Department supports continuation of TEFAP administrative funding at the $50 million level.

TEFAP DISPLACEMENT REPORT

FNS has been required to report to Congress on the extent and magnitude of displacement of commercial sales due to commodity donations through TEFAP. We recommend repealing the requirement to produce an annual displacement report on the grounds that it no longer provides new or useful information. However, the Secretary would still be required to consider potential commercial market effects when setting distribution levels for commodities through TEFAP.

FOOD STAMP PROGRAM

The Food Stamp Program is the foundation of our national effort to provide nutrition assistance to all needy low-income Americans. All of us want to make certain that the billions of dollars we allocate and spend each year on the Food Stamp Program are used to buy nutritious food that reaches hungry people. Toward that goal, we propose the following:

PROGRAM INTEGRITY

Food stamps are intended to help low-income Americans buy nutritious food. By law, food stamps can only be used to buy food in authorized retail food stores. However, in practice, food stamps are sometimes diverted to other uses through sale or barter. As a result, family members who should receive food through the program do not. USDA's proposal would strengthen program accountability because the needy are best served by strong programs administered with integrity.

Rapidly developing possibilities in the area of electronic transfers present significant opportunities to better safeguard food stamp benefits so that dollars are spent on food. The Department will continue to vigorously pursue the testing of Electronic Benefit Transfer (EBT) systems which would eliminate paper food coupons and cut down on fraud. In addition, the Administration proposes to make EBT an operational alternative, thereby allowing States to undertake their own cost-effective EBT projects. This change would be effective beginning in April 1992.

We also propose new and tougher penalties against retailers who traffic in coupons, solicit the sale of coupons, or accept illegally obtained coupons, especially for drugs or firearms, as well as mandatory minimum penalties for those convicted of the most serious violations of the Food Stamp Program. A strike team of government investigators will be established to aggressively seek out this kind of major criminal activity.

IMPROVED CHILD SUPPORT ENFORCEMENT

President Bush has made children a priority for this Administration. Efforts to strengthen child support enforcement are especially important, since the failure of absent parents to provide support often leaves their children in poverty. While programs such as AFDC, food stamps, and Medicaid are intended to help families purchase the necessities, they should not be a substitute for the financial support children deserve from their parents.

The Food Stamp Program, unlike AFDC and Medicaid, does not require single-parent households to cooperate with State and local child support enforcement officials. We want to encourage adult food stamp recipients to take full advantage of the child support enforcement program by making services available without charge. We propose making such cooperation a condition of food stamp eligibility for custodial parents. Full implementation will increase family income and decrease the need for food stamps.

IMPROVED ASSISTANCE TO THE HOMELESS

Most homeless people are eligible for food stamps, yet we know that few of them participate in this program. The Department proposes to offer non-profit groups special grants to test innovative ways to reach out to homeless people with information, assistance, and other outreach services so that we can determine how best to meet the needs of this population.

In addition, we would extend the existing "**prepared meals provision**" that enables homeless families and individuals to pay for meals at authorized shelters and soup kitchens with food stamps, and propose that **restaurants** willing to offer reduced prices on low-cost meals to homeless customers be authorized to accept food stamps as well.

The Department would continue support for the emergency food network by purchasing and distributing $32 million in commodities for soup kitchens and food banks that serve the homeless.

EXPANDED DEMONSTRATION WAIVER AUTHORITY

We support a major effort to improve food program administration by increasing **coordination among programs** that serve low-income Americans. We are working through the White House Low-Income Opportunity Board and with other Federal agencies to achieve this.

Some States have come forward with innovations for reforming the welfare system but have found they cannot be as creative as they would like to be because the food stamp waiver authority is not as broad as in other programs. Expanded waiver authority would result in more meaningful tests of innovative welfare reform projects by allowing for increased State flexibility and increased conformance with the Aid to Families with Dependent Children Program.

FOOD STAMP ADMINISTRATION: CITIZENSHIP DECLARATION

Under current law, adult members of a household applying for food stamps must attest, in writing, to their own and to their children's citizenship status. We propose a change requiring that only the head of household need sign a statement vouching for the citizenship status of all household members. This change will ease the application process for applicants and caseworkers.

AUTHORIZATION FOR APPROPRIATIONS FOR THE FOOD STAMP PROGRAM

From Fiscal Year 1972 until Fiscal Year 1977, the Food Stamp Program had an open-ended authorization for appropriations. The 1977 Act reverted to an annual, fixed authorization level and required the Secretary to suspend or reduce benefits if necessary to keep program costs within that limit. These provisions threaten to interrupt the flow of benefits to recipients and place unnecessary burdens on Federal and State program managers.

Accordingly, the Department proposes an authorization "for such sums as may be necessary" to fully fund the Food Stamp Program and funding should be authorized on a calendar year basis. A more flexible authorization would eliminate the need for unnecessary procedural steps by the States, and streamline the supplemental appropriations process in the event that unanticipated changes in law, participation, or food prices cause program costs to rise thereby putting participants at risk of reduced benefits.

EMPLOYMENT AND TRAINING

The Employment and Training (E&T) program requirement for food stamp participants was implemented in April 1987. The basic E&T operational grant to all States totals $75 million and is 100 percent federally funded. States spending beyond the basic grant are eligible for 50-50 Federal matching.

We propose to fully fund the basic E&T grant at $75 million, and cap the E&T 50-50 operational costs at $12.50 per E&T participant per month. Limiting the Federal match would increase control over expenditures and ensure that States do not use this funding to supplant State efforts.

THE COMMODITY SUPPLEMENTAL FOOD PROGRAM (CSFP)

REAUTHORIZATION

The Commodity Supplemental Food Program was instituted in 1969 to provide supplemental foods to needy women, infants and children. During FY 1990, the CSFP will provide supplemental foods to an average of 165,000 women, infants and children and 107,000 elderly per month. The program is operated by 20 State Agencies, 12 of which provide services to the elderly. Six different food packages provide a variety of Federally purchased commodities to program participants.

The Department supports reauthorization of CSFP.

CSFP ADMINISTRATIVE FUNDING

Currently, States receive base administrative funds (15 percent of the total appropriation) and reimbursement administrative funds (15 percent of the value of commodities distributed that are provided at no cost to the program). In fiscal years 1988 and 1989, administrative funds (base and reimbursement) represented 20.6 percent and 21.2 percent of the appropriations.

Reimbursement administrative funding, which was stable during recent periods of extensive dairy surpluses, is subject to the availability of donated commodities. However, unstable supplies present difficulty for program operators in planning their administrative budgets early in the year. Our proposal would give greater certainty to State agencies for these costs.

Therefore, the Administration is proposing that CSFP administrative funding not exceed 20 percent of the appropriations, and that reimbursement funding be discontinued.

CSFP CASELOAD CONVERSION

Under current law, if a State agency has been assigned more caseload than it can use to serve women, infants and children, it can convert excess caseload to serve the elderly with the Secretary's approval. Caseload conversion authority was established before the Department implemented an order of funding that directly assigns caseload for the elderly. At present, elderly are served by twelve of the twenty CSFP State agencies.

We are concerned that the current caseload conversion authority can provide a disincentive for serving women, infants, and children in States that can easily find additional elderly participants or simply prefer to serve the elderly. There has been a steady increase in the portion of caseload slots used for the elderly, from 29 percent in 1987 to 39 percent in 1989. At the same time, the WIC program is criticized for not serving more of the women, infants and children population.

In order to highlight the fact that women, infants and children are the population at highest risk, and, therefore, most in need of CSFP benefits, the Department proposes to repeal the current caseload conversion authority while retaining the general authority to serve low-income elderly persons.

This amendment would allow the CSFP to reach women, infants and children that are currently unserved by either WIC or CSFP. USDA currently is authorized to reallocate unused caseload slots for women, infants and children from States unable to use them to States able to serve this critical target group.

It is important to note that our proposal **will not reduce service to the elderly.** Current elderly caseloads would be protected, and increases in the elderly caseload would occur through reallocation at the national level if no more of the participating states had women, infants or children who could be served.

THE FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS (FDPIR) AND FOOD DONATION TO SELECTED GROUPS

REAUTHORIZATION

The FDPIR provides USDA food to help meet the nutritional needs of low-income households on Indian Reservations, and Indian households near reservations. FDPIR provides an alternative to the Food Stamp Program in areas where Indian Tribal Organizations request to and qualify to operate it. FDPIR serves about 143,000 participants. Also, the President's budget requests an increase in the FDPIR budget for food package improvements, and we currently have a study underway that will provide us with more information on Indian food preferences and special food needs.

Food donations to selected groups provide commodities to summer camps and for disaster relief. As you may recall, these commodity programs were tapped for disaster relief as part of USDA's response to the California earthquake and Hurricane Hugo in the Caribbean and South Carolina. Households affected by these disasters received more than five million pounds of USDA commodities, valued at more than $3 million.

The Department recommends reauthorization of these programs.

FOOD DISTRIBUTION PROGRAM ADVANCE FUNDING FOR STATE OPTION CONTRACTS

Schools want commodities in more highly processed forms to minimize labor costs. However, providing more highly processed commodities reduces the level of agriculture support USDA can provide. Under a State Option Contract, USDA purchases processed commodities (e.g. chicken nuggets) and the State agrees to pay the cost of processing the chicken into nugget form. States support the concept; however, many States cannot pay processing costs within the timeframes required by current law.

The Administration, therefore, is proposing that USDA be provided with the legislative authority to pay processing costs in advance using Section 32, Commodity Credit Corporation, Child Nutrition Program, and Nutrition Program for the Elderly funds and ensure recovery of costs from States. If such recovery is not made within 150 days, offsets would take place within another 30 days.

COLLECT SOCIAL SECURITY NUMBERS (SSNs) IN FDPIR AND CSFP

The collection of SSNs is already required in many Federal programs, including the Food Stamp Program, the National School Lunch Program, and the Aid to Families with Dependent Children Program. SSNs are needed to verify application information.

The Administration is proposing to require the collection of Social Security Numbers in the Food Distribution Program on Indian Reservations and in the Commodity Supplemental Food Program for all applicants and household members 18 years or older.

CONCLUSION

In closing, this Administration believes it is imperative for Congress to reauthorize our domestic food assistance programs, which have become so important to the nutritional well-being of low-income Americans. Benefits of the Food Stamp Program should be fully funded and support for the Temporary Emergency Food Assistance Program should be continued.

This represents a substantial commitment of the Department's resources.

Mr. Chairman, we stand ready to work with this Committee and with the Congress to develop new legislation that ensures continued nutrition assistance for our nation's needy and strengthens the administration of domestic food assistance programs to meet the challenges and opportunities of the 1990's.

This concludes my prepared remarks. I would be happy to answer any questions that you might have.

STATEMENT OF CRAIG L. BEAUCHAMP,
ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS
OFFICE OF INSPECTOR GENERAL
U.S. DEPARTMENT OF AGRICULTURE
BEFORE THE
HOUSE SUBCOMMITTEE ON DOMESTIC MARKETING,
CONSUMER RELATIONS, AND NUTRITION
OF THE
COMMITTEE ON AGRICULTURE
ON THE
FOOD STAMP PROGRAM

FEBRUARY 28, 1990

THANK YOU, MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE. I AM CRAIG L. BEAUCHAMP, THE ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS. WITH ME TODAY IS JAMES R. EBBITT, THE ASSISTANT INSPECTOR GENERAL FOR AUDIT. WE ARE PLEASED TO PROVIDE TESTIMONY TO YOU DESCRIBING OUR FINDINGS RELATIVE TO THE FOOD STAMP PROGRAM (FSP). WE WILL ALSO COMMENT ON A NUMBER OF LEGISLATIVE INITIATIVES THAT WE BELIEVE WILL ASSIST IN REDUCING FRAUD IN THIS PROGRAM.

OUR AUDIT AND INVESTIGATIVE STRATEGY IN THE FSP HAS BEEN TO FOCUS ON THE ADEQUACY OF CONTROLS AND SYSTEMS USED TO MANAGE THE PROGRAM, AND TO MAINTAIN A COORDINATED ENFORCEMENT PROGRAM WITH OTHER FEDERAL, STATE AND LOCAL AGENCIES.

HELPING TO ENSURE THE INTEGRITY OF THE FSP IS A MAJOR CONCERN OF THE OFFICE OF INSPECTOR GENERAL (OIG). LAST YEAR, OIG COMMITTED APPROXIMATELY 26 PERCENT OF ITS INVESTIGATIVE RESOURCES AND 16 PERCENT OF ITS AUDIT RESOURCES TO THE FOOD STAMP PROGRAM. DURING THAT YEAR WE COMPLETED 727 INVESTIGATIONS. THESE INVESTIGATIONS RESULTED IN 340 ARRESTS, 513 INDICTMENTS AND 413 CONVICTIONS. WE ISSUED 14 AUDITS IN THE FOOD STAMP PROGRAM AND MANAGEMENT AGREED TO SEEK RECOVERY OF $7.4 MILLION IN QUESTIONED COSTS.

INVESTIGATIVE ACTIVITIES

OIG'S INVESTIGATIVE ACTIVITIES HAVE FOCUSED ON FRAUD BY RETAILERS AUTHORIZED TO ACCEPT FOOD STAMPS. WE HAVE ALSO PLACED EMPHASIS ON THE INVESTIGATION OF FOOD STAMP TRAFFICKING, WHICH IS THE UNAUTHORIZED ACQUISITION OF FOOD STAMPS IN EXCHANGE FOR NONFOOD ITEMS AND THEIR USE AS A "SECOND CURRENCY." ALTHOUGH FOOD STAMP TRAFFICKING IS NOT A NEW PROBLEM, IT HAS RECENTLY RECEIVED INCREASED PUBLIC ATTENTION DUE TO THE USE OF FOOD STAMPS IN DRUG TRANSACTIONS. AN INCREASING NUMBER OF OUR INVESTIGATIONS, OFTEN CONDUCTED JOINTLY WITH OTHER FEDERAL, STATE, AND LOCAL LAW ENFORCEMENT AGENCIES, HAVE IDENTIFIED INDIVIDUALS AND RETAIL STORES WHICH ARE ACCEPTING FOOD STAMPS IN EXCHANGE FOR ILLEGAL DRUGS.

FOR EXAMPLE, IN NORTH CAROLINA, UNDERCOVER AGENTS EXCHANGED MORE THAN $125,000 IN FOOD STAMPS FOR NARCOTICS, STOLEN PROPERTY, FIREARMS, AND ALMOST $23,000 IN CASH. SIXTY-EIGHT PERSONS, INCLUDING THE OWNERS OR EMPLOYEES OF 16 RETAIL STORES AUTHORIZED TO PARTICIPATE IN THE FSP, WERE CHARGED WITH FOOD STAMP AND/OR DRUG TRAFFICKING. ONE OF THE RETAIL STORE OWNERS, A MAJOR DRUG DEALER, EXCHANGED MORE THAN $80,000 IN FOOD STAMPS FOR CASH AND MORE THAN A KILOGRAM OF COCAINE. THE STORE OWNER WAS SENTENCED TO MORE THAN 10 YEARS IN PRISON FOR FOOD STAMP AND DRUG TRAFFICKING.

AN UNDERCOVER INVESTIGATION OF A PHOENIX RETAIL STORE OWNER RESULTED IN THE CONVICTION OF FOUR INDIVIDUALS FOR EXCHANGING FOOD STAMPS WITH AN OIG AGENT FOR CASH, COCAINE AND MARIJUANA. THE PHOENIX POLICE DEPARTMENT WHICH WORKED JOINTLY WITH US IN THIS INVESTIGATION DESCRIBED THE AREA SURROUNDING THE STORE AS THE CENTER OF DRUG RELATED ACTIVITY IN SOUTH PHOENIX.

IN KANSAS CITY, A DRUG DEALER EXCHANGED A LARGE QUANTITY OF PCP FOR $10,000 WORTH OF FOOD STAMPS FROM AN UNDERCOVER OIG AGENT WHO WAS WORKING WITH A FEDERAL DRUG TASK FORCE. THE ARREST OF THE DRUG DEALER AND SUBSEQUENT INVESTIGATION IN SOUTHERN CALIFORNIA LEAD TO THE DISCOVERY OF THREE DRUG LABORATORIES. A SEARCH OF THE LABORATORIES BY OIG, DRUG ENFORCEMENT ADMINISTRATION AND LOCAL POLICE, UNCOVERED 40 GALLONS OF PCP AND CHEMICALS SUFFICIENT TO PRODUCE ANOTHER 600 GALLONS. SIX PERSONS PLEADED GUILTY TO CHARGES RANGING FROM UNAUTHORIZED POSSESSION OF FOOD STAMPS TO DISTRIBUTION OF PCP.

IN TEXAS, DURING THE COURSE OF TWO SEPARATE INVESTIGATIVE OPERATIONS, 68 PEOPLE WERE ARRESTED FOR FOOD STAMP TRAFFICKING AND DRUG OFFENSES. IN THE FIRST OPERATION, CONDUCTED JOINTLY WITH THE LOCAL POLICE AND THE TEXAS ALCOHOLIC BEVERAGE COMMISSION, 38 INDIVIDUALS INCLUDING TWO RETAILERS WERE CHARGED WITH FOOD STAMP AND/OR DRUG TRAFFICKING. IN THE SECOND OPERATION, 30 INDIVIDUALS INCLUDING A RETAILER WERE CHARGED WITH FOOD STAMP AND/OR DRUG TRAFFICKING.

SINCE THE AUTHORIZED RETAILER IS THE KEY TO EVENTUAL REDEMPTION OF FOOD STAMPS, WE CONTINUE TO PLACE MAJOR EMPHASIS IN THIS AREA. WE ALSO GIVE INVESTIGATIVE PRIORITY TO UNAUTHORIZED RETAILERS, PARTICULARLY THOSE DISQUALIFIED FROM PARTICIPATION IN THE FOOD STAMP PROGRAM WHO CONTINUE TO ACCEPT AND NEGOTIATE FOOD STAMPS.

FOR EXAMPLE, AN INVESTIGATION CONDUCTED IN OHIO WITH THE INTERNAL REVENUE SERVICE (IRS) RESULTED IN A MULTI-COUNT INDICTMENT CHARGING TWO STORE OWNERS

WITH LAUNDERING MORE THAN $1.2 MILLION IN FOOD STAMPS. DURING A TWO YEAR PERIOD ONE OF THE RETAILERS, WHO HAD BEEN DISQUALIFIED FROM THE FOOD STAMP PROGRAM, TRANSFERRED LARGE SUMS OF FOOD STAMPS TO THE AUTHORIZED RETAIL STORE OWNER. AFTER DEPOSITING THE FOOD STAMPS AND CASHING A CHECK ON HIS FIRM'S ACCOUNT FOR A SIMILAR SUM IN CASH, THE AUTHORIZED RETAIL STORE OWNER GAVE A PORTION OF THE CASH TO THE UNAUTHORIZED STORE OWNER. THE TWO STORE OWNERS WERE CHARGED WITH UNAUTHORIZED POSSESSION AND REDEMPTION OF FOOD STAMPS, MONEY LAUNDERING, CONSPIRACY, AND VARIOUS IRS VIOLATIONS. BOTH STORE OWNERS PLEADED GUILTY.

IN CALIFORNIA, A GROCERY STORE OWNER AND HIS WIFE WERE INDICTED AND SUBSEQUENTLY CONVICTED FOR FRAUDULENTLY REDEEMING APPROXIMATELY $1.6 MILLION IN FOOD STAMPS DURING A TWO YEAR PERIOD. DURING THE ARREST OF THE DEFENDANTS AND A SEARCH OF THEIR STORE 263 FOOD STAMP AUTHORIZATION CARDS, 275 FOOD STAMP IDENTIFICATION CARDS, 115 SOCIAL SECURITY CARDS, AND 18 CALIFORNIA DRIVER'S LICENSES WERE SEIZED. BOTH DEFENDANTS ARE AWAITING SENTENCING.

IN ADDITION TO THE EMPHASIS PLACED ON RETAILER AND TRAFFICKING VIOLATIONS, OIG, USUALLY IN CONJUNCTION WITH OTHER LAW ENFORCEMENT AGENCIES, ALSO INVESTIGATES FOOD STAMP FRAUD BY RECIPIENTS AND PUBLIC EMPLOYEES INVOLVED IN THE FOOD STAMP ISSUANCE PROCESS. BY WORKING WITH OTHER LAW ENFORCEMENT AGENCIES WE BELIEVE WE ARE MORE EFFECTIVE IN THE USE OF OUR INVESTIGATIVE RESOURCES.

AUDIT RESULTS

OUR RECENT AUDITS HAVE EVALUATED ASPECTS OF ELIGIBILITY DETERMINATIONS, FOOD STAMP ISSUANCE METHODS, RECONCILIATION OF FOOD STAMP REDEMPTIONS, ADMINISTRATIVE COSTS, AND THE ESTABLISHMENT AND COLLECTION OF DEBTS. SOME OF THE MAJOR AUDITS RECENTLY CONDUCTED IN THESE AREAS AND THE RELATED FINDINGS ARE AS FOLLOWS.

ELIGIBILITY

IN ORDER TO QUALIFY FOR THE FSP, APPLICANTS MUST MEET CERTAIN ELIGIBILITY CRITERIA AND PROVIDE PROOF OF THEIR STATEMENTS ABOUT HOUSEHOLD CIRCUMSTANCES. ELIGIBILITY IS DETERMINED BY CERTIFICATION WORKERS AT ABOUT 2,800 LOCAL PROJECT OFFICES. TO MEASURE THE EFFECTIVENESS OF THE CERTIFICATION PROCESS, FNS HAS ESTABLISHED A QUALITY CONTROL (QC) SYSTEM.

OUR AUDITS OF THE QC SYSTEM HAVE SHOWN THAT ITS RESULTS CAN BE RELIED ON. THE QC ERROR RATE HAS DECLINED FROM 9.5 PERCENT IN FY 1980 TO 7.4 PERCENT IN FY 1988. WE BELIEVE A MAJOR FACTOR WHICH CONTRIBUTED TO THE DECLINING ERROR RATE WAS THE INSTITUTION OF THE SANCTION SYSTEM ENACTED BY THE CONGRESS.

EVEN THOUGH THE ERROR RATE IS DECLINING, THE OVERPAYMENTS ASSOCIATED WITH THE ERROR RATE REMAIN LARGE. ONE OF THE MOST SERIOUS PROBLEMS IN THE FSP IS THE INCORRECT REPORTING AND VERIFICATION OF INCOME. THIS CAN RESULT IN INELIGIBLE HOUSEHOLDS PARTICIPATING IN THE PROGRAM AND ELIGIBLE HOUSEHOLDS RECEIVING TOO HIGH OR TOO LOW A LEVEL OF PROGRAM BENEFITS. A USEFUL TOOL TO DETECT AND PREVENT OVERPAYMENTS DUE TO UNREPORTED EARNINGS IS WAGE MATCHING. SINCE THIS REQUIREMENT WAS ESTABLISHED IN 1983, WE HAVE EVALUATED ITS IMPLEMENTATION. WE FOUND THAT STATES HAVE, FOR THE MOST PART, IMPLEMENTED THE WAGE-MATCHING

REQUIREMENTS. HOWEVER, WAGE-MATCHING EFFORTS COULD BE IMPROVED IF STATES ROUTINELY PERFORMED BOTH CROSS-STATE MATCHES AND MATCHES OF THEIR FSP CASE FILES TO FEDERAL WAGE FILES.

WE PERFORMED CROSS-STATE AND FEDERAL PERSONNEL FILE MATCHES IN TWO STATES. THESE TWO STATES HAD APPROXIMATELY 569,000 HOUSEHOLDS THAT RECEIVED MONTHLY FSP BENEFITS TOTALING APPROXIMATELY $79.4 MILLION. THE COMPUTER MATCHES AND SUBSEQUENT EMPLOYMENT VERIFICATIONS IDENTIFIED 181 RECIPIENTS WHO RECEIVED $563,000 IN EXCESS FSP AND PUBLIC ASSISTANCE BENEFITS, WITH FSP LOSSES TOTALING $295,000. A NUMBER OF CIRCUMSTANCES WERE IDENTIFIED AS CONTRIBUTING TO THE ABUSE OF THE PROGRAM. MATCHING THE FSP CASE FILE DATA OF EACH STATE WITH THE OTHER'S STATE EMPLOYMENT SECURITY DIVISION RECORDS, WE VERIFIED THAT 74 RECIPIENTS UNDERREPORTED EARNINGS AND RECEIVED IMPROPER FSP AND PUBLIC ASSISTANCE BENEFITS. WE ALSO IDENTIFIED 1,300 FEDERAL AND POSTAL SERVICE EMPLOYEES PARTICIPATING IN THE FSP. OUR SAMPLE OF 142 FOUND THAT 86 UNDERREPORTED THEIR EARNINGS AND RECEIVED IMPROPER FSP AND PUBLIC ASSISTANCE BENEFITS. FINALLY, WE VERIFIED THAT 21 RECIPIENTS SIMULTANEOUSLY PARTICIPATED IN THE FSP IN BOTH STATES AND RECEIVED EXCESSIVE FSP AND PUBLIC ASSISTANCE BENEFITS. WE ARE CURRENTLY CONDUCTING SIMILAR COMPUTER MATCHING OF THE FSP IN SELECTED GEOGRAPHIC AREAS NATIONWIDE.

STATES ARE ALSO RESPONSIBLE FOR MAINTAINING ACCOUNTABILITY AND CONTROL OF HOUSEHOLD CASE FILES TO SUPPORT THE ISSUANCE OF FOOD STAMP BENEFITS. EACH CASE FILE MUST CONTAIN (1) A COMPLETED FSP APPLICATION, (2) AN ELIGIBILITY WORKER'S WORK SHEET, AND (3) DOCUMENTATION SUPPORTING REQUIRED VERIFICATIONS, SUCH AS INCOME, ALIEN STATUS, AND SOCIAL SECURITY NUMBER.

TO DETERMINE WHETHER CASE FILE DOCUMENTATION EXISTED TO SUPPORT FSP ISSUANCES, WE CONDUCTED A NATIONWIDE AUDIT IN 1988 IN WHICH WE REVIEWED AND EVALUATED MANAGEMENT CONTROLS RELATING TO THE ACCOUNTABILITY FOR, AND SAFEGUARDING OF CASE FILE DOCUMENTATION. BASED ON A SAMPLE OF CASES, OIG PROJECTED THAT DOCUMENTATION WAS INADEQUATE TO FULLY SUPPORT ISSUANCES OF AN ESTIMATED $170 MILLION TO 252,000 HOUSEHOLDS FOR THE AUDITED PERIOD. ABSENCE OF VERIFICATION DOCUMENTS ACCOUNTED FOR THE MAJORITY OF MISSING OR INCOMPLETE CASE FILES.

MANAGEMENT AND SUPERVISORY CONTROLS NEEDED TO BE STRENGTHENED OVER THE CERTIFICATION AND DOCUMENTATION PROCESSES. UNCLEAR REGULATIONS CONTRIBUTED TO INADEQUATE VERIFICATION OF UTILITY EXPENSES. IN ONE STATE INCLUDED IN THE 1988 AUDIT, THIS WAS A MAJOR CAUSE OF OVERISSUANCES OF AN ESTIMATED $674,000 IN FOOD STAMPS TO ABOUT 4,600 HOUSEHOLDS.

ISSUANCE

ONCE APPLICANTS ARE DETERMINED ELIGIBLE FOR THE FSP, THE STATES ISSUE THE BENEFITS IN SEVERAL WAYS. OUR AUDIT WORK CONTINUES TO NOTE THE NEED FOR IMPROVEMENTS IN THESE OPERATIONS. FOR EXAMPLE, ONE STATE PROVIDED RECIPIENTS WITH $771 MILLION IN FOOD STAMPS, $598 MILLION OF WHICH WERE DISTRIBUTED TO RECIPIENTS THROUGH 660 DIRECT DELIVERY AGENTS. OUR AUDIT DISCLOSED SERIOUS WEAKNESSES IN THE STATE'S INTERNAL CONTROLS OVER THE DISTRIBUTION OF FOOD STAMPS BY AGENTS, THE RETURN OF FOOD STAMPS NOT PICKED UP BY RECIPIENTS FROM AGENTS, AND THE STATE'S FOLLOW-UP ON AGENTS' ACTIVITIES BASED ON RECIPIENT COMPLAINTS. THIS STATE WAS NOT MAKING PERIODIC VISITS TO AGENTS TO RECONCILE THE DISPOSITION OF FOOD STAMPS, AND WAS NOT LOOKING FOR PROGRAM ABUSE BY

AGENTS THROUGH THE USE OF TEST CASES. OUR REVIEWS OF 25 AGENTS' ACTIVITIES DISCLOSED INDICATIONS OF PROGRAM ABUSE BY 8 AGENTS INVOLVING ABOUT $4,000 OF THE $15,000 IN FOOD STAMPS PROVIDED TO THEM UNDER TEST CASES. DURING FY 1990, WE PLAN TO EXPAND OUR REVIEW AND PERFORM A NATIONWIDE AUDIT OF DIRECT DELIVERY AGENTS.

RECIPIENTS ARE REQUIRED TO USE THEIR FOOD STAMPS AT AUTHORIZED RETAIL FOOD STORES. FNS FIELD OFFICES ARE RESPONSIBLE FOR AUTHORIZING STORES IN THE FSP. OUR AUDITS HAVE FOUND AN ABSENCE OF ADEQUATE INTERNAL CONTROLS WITHIN THE FNS FIELD OFFICES WHICH AFFORDED ONE FNS EMPLOYEE THE OPPORTUNITY TO BOTH APPROVE AND TO CONCEAL IMPROPER RETAILER AUTHORIZATIONS, AND THUS ENGAGE IN A TRAFFICKING SCHEME. DIVISION OF DUTIES, ALONG WITH COMPUTER SECURITY, WAS A MAIN CONCERN. IN RESPONSE TO OUR RECOMMENDATION, FNS ESTABLISHED PROCEDURES REQUIRING UNIQUE PASSWORDS FOR EACH FIELD OFFICE EMPLOYEE USING THE COMPUTER SYSTEM, AND DEVELOPED CONTROLS TO LIMIT ACCESS TO AUTHORIZED PERSONS ONLY. FNS ALSO ESTABLISHED A TASK FORCE TO DEVELOP CORRECTIVE ACTIONS TO ADDRESS THE CONTROL WEAKNESSES AND VULNERABLE AREAS AT FIELD OFFICES. THIS HAS RESULTED IN THE DEVELOPMENT OF A PROCEDURES CHECKLIST WHICH IS TO BE USED BY ALL FIELD OFFICES.

RECONCILIATION

TO ENSURE COMPLIANCE WITH PROGRAM REQUIREMENTS, FNS ANALYZES PARTICIPATING RETAILERS' REDEMPTION CERTIFICATES VIA ITS RETAILER TRACKING SYSTEM. THE RESULTS ARE USED TO IDENTIFY RETAILERS WITH UNUSUAL REDEMPTION PATTERNS, INDICATING POTENTIAL ABUSE OF THE FSP. ONCE IDENTIFIED AS HAVING AN UNUSUAL REDEMPTION PATTERN, STORES ARE REFERRED TO COMPLIANCE INVESTIGATORS WHO

CONDUCT FOLLOW-UP VISITS TO DETERMINE THE EXTENT, IF ANY, OF PROGRAM ABUSE. DEPENDING ON THE EXTENT OF UNUSUAL PATTERNS OR RESULTS OF FOLLOW-UP VISITS, THE COMPLIANCE INVESTIGATORS MAY REFER THE STORES TO OIG FOR INVESTIGATION.

OIG AUDITED THE RETAILER TRACKING SYSTEM IN 1985 AND FOUND THAT IT DID NOT EFFECTIVELY IDENTIFY UNUSUAL REDEMPTION PATTERNS. IN RESPONSE TO THE AUDIT, FNS REDESIGNED THE SYSTEM, TO ADD ADDITIONAL CONTROLS. A FOLLOW-UP AUDIT IS PLANNED TO EVALUATE ITS EFFECTIVENESS.

MAJOR RETAIL CHAINS, WHICH MAKE UP ABOUT 15 PERCENT OF THE TOTAL STORES AUTHORIZED TO ACCEPT FOOD STAMPS, HANDLE ABOUT 74 PERCENT OF ALL REDEEMED FOOD STAMPS. OUR STUDIES SHOW THAT IN MOST CASES FOOD STAMPS ARE BEING USED TO BUY ELIGIBLE ITEMS WHEN REDEEMED AT THESE LARGER CHAIN STORES BECAUSE OF THE CONTROLS THEY HAVE INSTITUTED. WHERE PROBLEMS HAVE OCCURRED THEY HAVE GENERALLY BEEN AT SMALL AND MEDIUM-SIZE RETAILERS (GROCERY STORES AND CONVENIENCE STORES). FNS NEEDS TO CONTINUE MONITORING SMALL AND MEDIUM-SIZE RETAILERS TO A LARGER DEGREE THAN SUPERMARKETS.

WE HAVE PREVIOUSLY REPORTED ON FNS'S ACCOUNTABILITY PROBLEMS OVER FOOD STAMP REDEMPTIONS. FOR EXAMPLE, IN 1986 WE FOUND THAT REDEMPTIONS WERE OUT OF BALANCE BY OVER $202 MILLION IN A SIX MONTH PERIOD. SPECIFICALLY, WE REPORTED THAT PROGRAM RECORDS SHOWED THAT RETAILERS REDEEMED MORE FOOD STAMPS THAN REPORTED TO FNS BY THE FEDERAL RESERVE BANK. WE RECOMMENDED THAT FNS TAKE ACTIONS TO RECONCILE THESE DIFFERENCES AND TO IMPROVE REPORTING AT THE LOCAL BANK LEVEL. AS A RESULT, FNS HAS ESTABLISHED THE REDEMPTION ACCOUNTABILITY

PROJECT AS A PILOT TO IMPROVE FOOD STAMP ACCOUNTABILITY AND RECONCILIATION FUNCTIONS. THE PROJECT WAS CONDUCTED AT THE FEDERAL RESERVE BANKS IN MEMPHIS AND DALLAS, BETWEEN SEPTEMBER 1988 AND MARCH 1989.

WE COMPLETED A REVIEW OF THE PILOT AND FOUND THAT IT IMPROVED ACCOUNTABILITY, RECONCILIATION, AND MANAGEMENT CONTROL OVER FOOD STAMP REDEMPTIONS. DURING THE SIX MONTH DURATION OF THE PILOT, RECONCILIATION BETWEEN FOOD STAMPS REDEEMED AND SUPPORTING DEPOSIT DOCUMENTS REACHED A 99.92 PERCENT LEVEL. THIS REPRESENTS A SIGNIFICANT IMPROVEMENT OVER RECONCILIATION LEVELS THAT EXISTED BEFORE INCEPTION OF THE PILOT OPERATION. FNS AGREED TO FOLLOW THROUGH WITH ITS PLANS FOR INCLUDING ENFORCEMENT PROVISIONS IN THE REVISED FNS/FEDERAL RESERVE BANK AGREEMENT. FNS EXPECTS TO IMPLEMENT THE SYSTEM NATIONWIDE IN FY 1990.

ADMINISTRATIVE COSTS

WE ALSO COMPLETED A SERIES OF AUDITS OF CLAIMS FOR REIMBURSEMENT FOR STATE ADMINISTRATIVE COSTS IN THE FSP. OUR AUDITS IN 10 STATES IDENTIFIED OVER $12 MILLION IN OVERCHARGES AND POTENTIAL SAVINGS. WE FOUND THAT STATES CHARGED THE PROGRAM FOR EXPENSES THAT WERE NOT ELIGIBLE FOR REIMBURSEMENT. FNS OFFICIALS AGREED TO COLLECT THE FUNDS AND STRENGTHEN INTERNAL CONTROLS.

CLAIMS MANAGEMENT

A NATIONWIDE AUDIT IN 1987 SHOWED THAT STATES NEEDED TO TAKE MORE AGGRESSIVE ACTION TO COLLECT OUTSTANDING FOOD STAMP CLAIMS, TOTALING OVER $375 MILLION. DURING THIS AUDIT, WE ALSO NOTED THAT FURTHER IMPROVEMENTS COULD BE MADE IF

CLAIMS ACTIONS COULD BE TAKEN AGAINST RECIPIENTS WHO RECEIVED OVERPAYMENTS DUE TO STATE AGENCY ERROR. IN THESE CASES, WE REPORTED THAT STATES COULD OFFSET LOSSES BY ABOUT $14.5 MILLION ANNUALLY. FNS PROPOSED LEGISLATION FOR AUTHORITY TO REDUCE BENEFITS IN CLAIMS CASES INVOLVING AGENCY ERROR. HOWEVER, THIS PROPOSED LEGISLATION WAS NOT ADOPTED. WE CONTINUE TO SUPPORT THIS ACTION TO REDUCE OR RECOVER ERRONEOUS PAYMENTS.

WE COMPLETED AUDITS IN 1989 OF CLAIMS MANAGEMENT IN THREE STATES WHICH DISCLOSED THAT THE STATES DID NOT PROPERLY USE WAGE MATCHING AND QUALITY CONTROL REVIEWS TO DETERMINE WHETHER BENEFITS WERE OVERISSUED, AND DID NOT PREPARE CLAIMS FOR IDENTIFIED OVERISSUANCES. APPROPRIATE ACTION WAS NOT TAKEN ON A PROJECTED $2.5 MILLION IN CLAIMS IN ONE STATE BASED ON A SAMPLE OF MATCHES. IN TWO STATES, WE ESTIMATED THAT $24 MILLION IN OVERISSUANCES RESULTED FROM UNREPORTED WAGES AND SALARIES. A PORTION OF THIS AMOUNT WOULD HAVE BEEN IDENTIFIED AS CLAIMS IF WAGE MATCHING HAD BEEN USED PROPERLY.

IN ADDITION, WE NOTED THAT A LARGE VOLUME OF CASES PENDING DETERMINATIONS OF FRAUD OR OVERISSUANCE EXISTED IN THESE THREE STATES. THE FAILURE TO PROCESS THESE CASES IN A TIMELY MANNER REDUCED THE POSSIBILITY OF RECOVERY OF THE ESTIMATED $29.6 MILLION IN OVERISSUED BENEFITS ASSOCIATED WITH THESE UNPROCESSED CLAIMS.

IN ANOTHER AUDIT IN 1989, WE REVIEWED CONTROLS OVER THE COLLECTION OF COURT-ORDERED RESTITUTION IN THREE STATES THAT HAD OVER 5,000 ADJUDICATED FOOD STAMP CLAIMS TOTALING ABOUT $4.9 MILLION. THE AUDIT DISCLOSED THAT THE THREE STATES HAD NOT EFFECTIVELY MANAGED COLLECTION OF DELINQUENT ADJUDICATED CLAIMS TOTALING ABOUT $2.9 MILLION.

WE CONCLUDED THAT WEAKNESSES EXISTED IN FOOD STAMP OFFICES BECAUSE THE STATES HAD NOT ESTABLISHED CLEAR LINES OF AUTHORITY AND RESPONSIBILITY FOR FOOD STAMP OFFICES TO COORDINATE AND MONITOR THE COLLECTION OF ADJUDICATED CLAIMS. WE FOUND THAT THE FOOD STAMP OFFICES DID NOT MONITOR THE STATUS OF CLAIMS COLLECTED BY CLERKS OF COURT AND PROBATION OFFICERS FOR ENFORCEMENT ACTION. IN TWO STATES, 448 INDIVIDUALS WITH CLAIMS TOTALING OVER $430,000 WERE RELEASED FROM PROBATION BEFORE THE COURT-ORDERED RESTITUTION WAS PAID. THE FAILURE OF FOOD STAMP OFFICES TO MONITOR CLAIM COLLECTIONS AND TO COMMUNICATE WITH CLERKS OF COURT AND WITH PROBATION OFFICERS CAUSED THE PREMATURE RELEASE OF THESE INDIVIDUALS FROM PROBATION. AS A RESULT, FOOD STAMP OFFICES FAILED TO REDUCE THE FOOD STAMP ALLOTMENTS OF 265 PARTICIPATING HOUSEHOLDS TO OFFSET DELINQUENT ADJUDICATED CLAIMS. FNS HAD INITIATED CORRECTIVE ACTIONS TO ENSURE THAT STATE AGENCIES DEFINE FOOD STAMP OFFICE RESPONSIBILITIES TO MONITOR THE COLLECTION OF ADJUDICATED CLAIMS AND TO USE RECOUPMENT AS A MEANS OF COLLECTING CLAIMS.

LEGISLATIVE RECOMMENDATIONS

THE DEPARTMENT'S 1990 FARM BILL PROPOSAL INCLUDES SEVERAL INITIATIVES TO STRENGTHEN PROGRAM INTEGRITY AND TO INCREASE THE PENALTIES FOR VIOLATIONS OF PROGRAM PROVISIONS. WE SUPPORT THE DEPARTMENT'S INITIATIVES. WE BELIEVE THAT INCREASED USE OF ELECTRONIC BENEFIT TRANSFER (EBT) WILL REDUCE THE DIVERSION OF PROGRAM BENEFITS. WITH THE INCREASED USE OF EBT WE BELIEVE THAT THE FOOD STAMP ACT SHOULD BE AMENDED TO PROVIDE SPECIFIC PENALTIES FOR EBT FRAUD. IT IS IMPORTANT THAT THE ABUSE OF COMPUTERIZED BENEFITS OR ON-LINE ISSUANCE SYSTEMS BE SUBJECT TO THE SAME PENALTIES AS OTHER FOOD STAMP PROGRAM

VIOLATIONS. THE PROPOSAL TO REQUIRE EMPLOYER IDENTIFICATION AND SOCIAL SECURITY NUMBERS AND PERIODIC RECERTIFICATION OF PARTICIPATING STORES WILL IMPROVE THE DEPARTMENT'S PREVENTION AND DETECTION OF RETAIL STORE VIOLATIONS. WE BELIEVE THAT THE INITIATIVE TO INCREASE CIVIL MONETARY PENALTIES AND TO ESTABLISH MANDATORY PRISON TERMS WILL SERVE AS A DETERRENT.

RECENTLY CONGRESSMAN RON WYDEN INTRODUCED A BILL TO COMBAT FRAUD IN THE FOOD STAMP PROGRAM. IN A PROVISION SIMILAR TO THE DEPARTMENT'S, CONGRESSMAN WYDEN'S BILL WOULD REQUIRE THAT PARTICIPATING RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS PROVIDE THEIR TAXPAYER IDENTIFYING NUMBERS TO THE DEPARTMENT. WE SUPPORT THIS PROPOSAL AND SUGGEST THAT IT BE EXPANDED TO INCLUDE THE DEPARTMENT'S RECOMMENDATION THAT OFFICERS, OWNERS AND ON-SITE MANAGERS BE REQUIRED TO FURNISH THEIR SOCIAL SECURITY NUMBERS.

CONGRESSMAN WYDEN'S BILL ALSO PROVIDES FOR THE APPLICATION OF EXISTING MONEY LAUNDERING PENALTIES FOR FOOD STAMP TRAFFICKING TRANSACTIONS INVOLVING $5000 OR MORE, AND FOR THE CIVIL AND CRIMINAL FORFEITURE OF PROPERTY ASSOCIATED WITH THE TRAFFICKING OF FOOD STAMPS. WE SUPPORT THESE PROVISIONS AND TAKEN TOGETHER WITH THE DEPARTMENT'S PROPOSALS THEY WOULD FORM A STRONG DETERRENT TO THOSE WHO MIGHT BE TEMPTED TO ABUSE THE FOOD STAMP PROGRAM.

THIS CONCLUDES MY STATEMENT, MR. CHAIRMAN. WE WOULD BE PLEASED TO ANSWER ANY QUESTIONS THAT YOU OR MEMBERS OF THE SUBCOMMITTEE MIGHT HAVE.

STATEMENT OF
MADGE L. SCHAEFER, CHAIR
BOARD OF SUPERVISORS
COUNTY OF VENTURA, CALIFORNIA

Ventura County has a population of about 660,000. It is the 11th largest of the 58 counties in California. Ventura County is located about 60 miles north of Los Angeles. It covers an area of 1,875 square miles and consists of 9 cities. The County Government's current annual budget is $600 million, with 6,500 County employees. There are 391 employees in the Income Maintenance division of the County Public Social Services Agency (PSSA), which administers the Public Assistance Programs.

The average monthly AFDC caseload is 7,000 families; 17%, or 1,200 of whom are monolingual Spanish-speaking. AFDC assistance payments for fiscal year 1989-90 is budgeted at $48,122,600; 68% of the AFDC families receive Public Assistance Food Stamps. In November 1989, there were a total of 7,374 Food Stamp cases (Public Assistance and Non-Assistance) consisting of 21,848 persons. The total value of Food Stamps issued in November was $916,969, or over $11 million annually.

For many years the AFDC and Food Stamp Programs have operated with separate and often conflicting regulations governing each program. As each program has added separate complex changes, the requirements which conflict have become greater and more confusing. The effects of these differences negatively impact clients and workers as well as local and State agencies.

The major program differences are in the following areas: shelter deduction; household composition; budgeting income; income which is exempt in AFDC but not Food Stamps, such as educational loans and child/spousal support disregards; vehicle valuation. There is a total of over 40 regulatory differences or conflicts between AFDC and Food Stamps. Examples of the problems these program differences create are as follows:

1. **Multiple, complex and confusing paperwork**

   The average amount of time for a client to fill out all the forms for a joint AFDC and Food Stamp application is one hour. This is outside of the 3-1/2 to 4 hours a client must spend in the application interview for AFDC and Food Stamps. Many clients are illiterate or semi-literate in both English and their native language and cannot complete the forms without assistance. Workers do not have time allotted to provide this assistance plus interview and process all the other applicants assigned to them. It is not unusual for a worker to spend 30 minutes to explain how to fill out just the basic Food Stamps application form. The elderly and disabled must also fill out a supplemental application form. There also is a separate budget worksheet for the elderly and disabled, and another one for every one else. This is confusing to workers who may use the wrong form and compute incorrect benefits. The multitude and complexity of forms causes:

* clients to give up in frustration and not complete the application process.

* Clients take the forms to lawyers or other organizations in the community who charge $25 - $40 to fill them out (these are primarily Spanish-speaking clients).

* Clients bring uncompleted forms to the interview appointment. The worker generally has other scheduled appointments and does not have time to help complete the forms. This results in rescheduled appointments, delayed benefits and wasted time for the client and worker.

* Workers feel they are serving the paperwork not the clients.

- For clients receiving aid, there are monthly income reports and household change reports which request different information. Clients who change from monthly reporting to non-monthly reporting and back again become very confused -- the result is errors in issuance of benefits.

- Because of the conflicting program regulations, there are instances where one case involving both AFDC and Food Stamps can require as many as 4 different budgets a month to be calculated.

- Experienced workers state that there is now twice as much paperwork as there was even 5 years ago!

The Hunger Prevention Act of 1988 (P.L. 100-435) did mandate the development of a simplified application form. This was a positive step towards the resolution of the problem. However, until and unless the program requirements for AFDC and Food Stamps are aligned and consistent, a daily fact of life will continue to be multiple forms, confusion to the client and worker, and frequent errors.

2. Conflicting and confusing program requirements

It is difficult for clients to understand:

- Why they may be eligible for AFDC and not for Food Stamps or vice versa.
- Why a change in their circumstances affects their AFDC grant but not Food Stamps or vice versa.
- Why sometimes they have to report every month and sometimes they don't, depending on change in circumstances.

It is difficult for the local agency to administer the programs properly and efficiently:

- Incorrect and/or delayed benefits frequently occur.

* Workers and supervisors have difficulty learning and absorbing the continual frequent changes in just one program. For AFDC cases which receive Food Stamps, the staff must stay current on both programs.

* New workers on an AFDC caseload find it totally overwhelming to understand and apply both AFDC and Food Stamp regulations. One Eligibility Worker who completed the 5 weeks of full-time initial training in AFDC and Public Assistance Food Stamps and who has been on the job 3 months, stated "It is still totally overwhelming. I don't know where to start - I look at the AFDC manual, then the Food Stamp manual and try to pull the 2 together - it boggles the mind."

* Even experienced workers (1 year or more) state that it is difficult to "wear two hats" to look at both the AFDC and Food Stamps issues of a case. It takes an experienced worker an additional 30 minutes per case to process monthly reports for combined AFDC/Food Stamps cases than for just AFDC.

- When a worker transfers from an AFDC/Public Assistance Food Stamp (PAFS) caseload to Non-Assistance Food Stamps (NAFS), there are such significant regulatory changes that retraining is required.

- Supervisors state they do not have sufficient time to keep up with regulatory changes, provide ongoing training of their staff, provide more intensive direction and help to new staff and regularly review cases for errors.

- County Quality Control Technicians who are considered experts on the regulations have difficulty remembering differences between the AFDC, PAFS and NAFS programs in their review of cases to determine errors. Recently re-reviews by State staff identified incidences where the QC technician budgeted Food Stamps incorrectly. Specific examples are differences in the treatment of income from an excluded parent or ineligible alien and the treatment of terminated income.

- Benefit amounts change at different times of the year for Food Stamps and AFDC which can cause more confusion, errors and delayed benefits. Currently, AFDC grants receive a COLA effective July 1, which causes Food Stamps to decrease. Food Stamp benefit tables change October 1, which caused the Food Stamps to increase; Food Stamps deductions change January 1. If all the benefit amounts changed at the same time, it would not only reduce errors, but also reduce the administrative costs of implementing the changes.

- Another difference effecting the issuance of Food Stamps is the treatment of adding a household member mid-month. In the AFDC program the grant is prorated to the date of entry into the household. In the Food Stamp program, the allotment is not prorated, but instead the effective date is the following month. In processing retroactive food stamps, workers often become confused and prorate the food stamp benefits. Because of this, additional fiscal staff has been required to audit retroactive payments to eliminate the possibility of overissuance.

In summary, Food Stamp outreach commercials show a false picture of how easy it is to apply for Food Stamps. In reality, applicants must jump all the hurdles imposed by the regulations - a complicated and time-consuming process.

The most significant impact of the problem is the excess expenditure of public funds. This includes incorrect food stamps issued due to errors, as well as lack of cost efficiency in administering the programs.

- Food Stamp Errors

Conflicting regulations of the two programs result in increased errors in determining eligibility for Food Stamps and in calculating the correct amount of Food Stamps to be issued. Thus, Food Stamps are issued incorrectly to ineligible households or for an incorrect amount.

In Ventura County, for the Quality Control review period of April through September, 1989, it is estimated that 6.8% of the total error rate was due to errors resulting from the incompatibility of AFDC to PAFS. Applying 6.8% to the total Food Stamp benefits issued during that period, $295,929 was potentially paid in error solely because of the problems created by conflicting or incompatible regulations.

* Lack of Cost Effectiveness in Program Administration

1. **Cost of Additional Staff Time**

As stated earlier, additional time is required to process and maintain an AFDC case which also applies for and receives Food Stamps because of the different program standards and method of budget computation. An additional 1 hour per application, or 2 hours for a monolingual Spanish-speaking case, is required to process the Public Assistance Food Stamp part of an AFDC application. Based on an average of 431 non-Spanish applications a month and 91 Spanish-speaking, an additional 3 full-time workers are required to address the different requirements on the same case.

An additional 30 minutes per case per month is required for the Public Assistance Food Stamp portion of the AFDC case. For seasonal farm workers, which is 20% of the total caseload, an additional 1 hour per case per month is required. That results in the need for an additional 18.68 full-time workers per month.

The total cost in Ventura County for the time of line staff (the additional 21.68 workers described above) to apply two different sets of regulations to the same case is $654,696 a year. When overhead costs are added, the total is $1,551,629 a year.

2. Staff Turnover and Attrition

Ventura County, like the majority of counties in California, is experiencing a serious problem in the recruitment and retention of Eligibility Workers. As regulations increase in complexity and in conflict with each other, as paperwork and cases increase, workers break under the strain, taking sick leave, leaves of absence, or better paying jobs elsewhere.

In Ventura County, from July, 1985 to January, 1990, a total of 212 new Eligibility Workers have been hired. Of those, 126 remain in the Eligibility job series, or a turnover of 40.6%. In comparison, the turnover rate in our Child Protective Services division for the same period was 19.3%. That is despite the well-known job stress, pressure and burnout which occurs when working intensively with serious child abuse, molest and neglect cases.

The majority of Eligibility Workers who have left have done so due to the overwhelming complexities, pressures and frustration of the job; for jobs which pay more money, and because of probationary dismissals. Probationary dismissals occur because a new employee does not successfully complete training, or exhibits unsatisfactory performance within the first 6 months on the job. The latter is due to the fact that because of the decreased quality of the overall applicant pool, more risks are taken at selection. At the same time, the work is clearly more complex than 5 years ago and requires a greater level of skill, competency and proficiency. On the other hand, salaries of Eligibility Workers remain at the bottom scale of clerical or paraprofessional classifications. In Ventura County, an Eligibility

Worker starting salary is $7.90 an hour. That individual is responsible for correctly understanding and applying the complex regulations and administering $1 million of benefits a year. Some Eligibility Workers earn less money than the amount of benefits received by some families on their caseload.

Many of the 126 employees who remain have been promoted to supervisor, technician, or lead worker. The average length of experience of a line Eligibility Worker today is 8.5 months. A worker does not have an even minimally adequate level of knowledge and competence until at least 6 months.

The consequences of this problem are: inexperienced staff trying to help even newer staff; increased errors and misinformation to clients; overworked supervisors and trainers; increased costs associated with continual hiring and training new staff.

3. Staff Development

Ventura County conducts a 5 week class of full-time training of new eligibility workers. This includes classroom instruction interspersed with supervised on-the-job training and written examinations. New employees are trained in either AFDC/PAFS or Medi-Cal. To attempt to train a new worker in all aid programs would be futile and virtually impossible. Even teaching only one aid program, just the most basic eligibility requirements and determinations can be learned.

During a 5 week AFDC training class, about 40 hours of training is provided on Public Assistance Food Stamps. This reduces the amount of time that can be devoted to the extensive AFDC regulations and issues. The 40 hours also is not sufficient to provide adequate instruction in Public Assistance Food Stamps because the differences from AFDC are so confusing. However, our staff development specialists have determined that trainees cannot continue to learn and process new information after 5 weeks. Furthermore, there are always vacant caseloads that need workers.

From December, 1988 to January 1990 we have hired and trained 72 new Eligibility Workers in AFDC/PAFS. The cost of providing additional training in Food Stamps to AFDC trainees because of the conflicting regulations was $77,301 during 1989.

4. Security

The multiplicity of forms, complex regulations, and the complicated, time consuming process involved in receiving benefits exacerbates already potentially volatile situations between clients and workers.

Ventura County does not experience the high crime rate of large metropolitan areas with its inner city conflicts and violence. However, it still has been necessary to install costly security systems in the interview areas of the District Welfare Offices because of actual and threatened risks to our employees. This includes alarms, crash doors, 2 exits from each interview room, and on-site security guards.

A significant number of welfare clients suffer from serious psycho-social problems, mental illness, substance abuse, low self esteem and other problems which result in violent, hostile and aggressive behavior. The majority of persons applying for public assistance are in crisis. They may be frightened and/or angry about their situation. They expect immediate help, answers, and assistance. Instead, they are presented an overwhelming stack of complicated forms to complete.

Compounding the state of mind of the client is the interaction with the worker who may be so new and inexperienced that he or she does not provide correct information or process the application correctly. Generally, Eligibility Workers do an excellent job of processing a case timely and correctly. However, the client may not be satisfied with the proper disposition of a case and becomes angry or violent.

Eligibility Workers routinely handle verbal abuse from clients. Eligibility Workers also face the potential of violence and physical danger every day on the job. Clients have frequently threatened to shoot or otherwise harm workers and to "blow up the office." Physical altercations have occurred just recently in one of our District Offices. In one situation, the female client shoved the female worker against the wall, hit her in the face and grabbed the case file.

5. Case File Storage

The multiplicity of forms, documented verification of eligibility, record of contacts with clients, budget forms and computer documents require a separate and specific manual case file on each case. The initial case development, case filing, monitoring and control and storage and retrieval of closed cases requires significant clerical support.

In Ventura County, sufficient file space exists in the District Welfare Offices to hold open or active cases and cases which have been closed for up to one year. Because of the turnover of recipients going on and off aid or transferring to a different aid, cases closed less than a year frequently become active again.

Case files closed over one year must be stored at a cost of $30,000 a month, or $360,000 a year. We currently have about 400,000, or 1.47 miles of closed case files. AFDC cases must be retained back to 1981 because of pending lawsuits in the State.

During 1989, 3,000 AFDC and Food Stamp closed case files in storage were requested to be delivered to a District Welfare Office due to a re-application. This requires a full-time courier plus clerical support to maintain the proper control and logging of the case files.

In conclusion, alignment of AFDC and Food Stamps will not resolve all the problem of staff recruitment, retention, turnover and training or of case file storage. However, the achievement of consistency between the two programs would clearly result in significant cost savings and cost effectiveness; greatly enhanced program efficiency and effectiveness; error reduction, savings of worker time and an ability to utilize staff more effectively; and improved service to the client.

Thank you for your attention and consideration to this urgent and critical issue.

Society for Nutrition Education

Testimony of Dr. Ann Peisher
on behalf of the Society for Nutrition Education
Regarding EFNEP and other nutrition education programs
in the 1990 Farm Bill

Before the Subcommittee on Domestic Marketing,
Consumer Relations, and Nutrition
of the House Agriculture Committee

February 28, 1990

Good Morning. I want to thank Chairman Hatcher and Congressman Emerson for inviting me to testify today on behalf of the Society for Nutrition Education regarding the Expanded Food and Nutrition Program (EFNEP) and other nutrition education activities. The Society is the premier association linking nutrition and education. I am Dr. Ann V. Peisher, Associate State Leader for Home Economics, from the University of Georgia Cooperative Extension in Athens. Previously, I coordinated the EFNEP for Georgia.

The Society for Nutrition Education applauds the undaunted efforts of the Subcommittee members, especially you Mr. Chairman, Congressman Panetta, and Congressman Emerson to address hunger in America and increase food stamp benefits. We believe federal food assistance provides the seeds for better nutrition. Nutrition education nurtures those seeds like water and fertilizer.

Besides increasing food stamp benefits, the Society suggests two important education initiatives. Congress can provide low income families the skills they need to maximize their food stamp dollars and to promote their good nutritional health by:

1) adding 5 million dollars to the Expanded Food and Nutrition Education Program for each of the next four fiscal years, and
2) authorizing nutrition education demonstration projects under the Research, Demonstration, and Evaluation Program Section of the Food Stamp Act. These two-

> year demonstration programs would 1) enhance interagency cooperation for nutrition education activities and 2) develop innovative ways to meet the nutrition education needs of the poor. One-third of the funds currently set aside for research and demonstration projects under the food stamp program should be made available for nutrition education demonstration projects over the next two years.

The Society believes the first need of hungry people is adequate access to food. No matter how well informed a family is about nutrition, they first need adequate resources to buy food. Having food available on the last week of the month is just as crucial as it is in the first week. Secondly, low-income families need nutrition education. They like others need to learn to optimize their food resources to insure the availability of high quality food throughout the month.

Nutrition education enables people to take greater control of their diet and health. According to the 1988 Surgeon General's Report on Nutrition and Health, five of the ten leading causes of death in the United States are chronic diseases linked to nutrition, diet, and lifestyle. Low-income people are disproportionately affected by these diseases. Studies show that many food stamp families who learn about foods and nutrition through the nutrition education programs currently being funded, improve their diets and maintain the changes. However, the EFNEP program reaches less than 2 percent of the food stamp households.

We also know that prenatal nutrition and care are big variables in whether an infant survives until its first birthday. The infant mortality rate is an important indicator of a society's health, and it is highest among low-income families. EFNEP pregnant teens have sought medical care earlier and improved their diets, with a potential for great savings in public health care costs.

Since 1968, the Expanded Food and Nutrition Education Program (EFNEP) under the Cooperative Extension Service has successfully educated families in nutrition, food purchasing, food preparation, and money management. Level funding for EFNEP since 1982 has forced us to become more creative and investigate ways to efficiently reach the people who need us the most. Unfortunately, no amount of creative management strategies can make up for the diminished levels of federal support. Level funding has constricted the reach of the program just as a growing number of low income families struggle to maintain their nutritional well-being and they need help the most.

To give a national perspective of EFNEP, I would like to enter into the record an article describing EFNEP that appeared in The Journal of Nutrition Education. In my testimony, I want to use Georgia as an example of what has been happening with EFNEP. Today, only 24 of Georgia's 159 counties have the EFNEP program. To serve low-income households in all of Georgia, EFNEP has taken three strategies.

1) We target high risk groups, such as low-income pregnant women and young mothers. Georgia's rate of infant mortality is deplorably high. For every 1000 births, 12.7 infants will die before their first birthday (The national figure is 10.6 per 1000 for 1987). This year, a percentage of our EFNEP resources will be spent to educate pregnant teens and teen mothers. In Southwest Georgia, where the infant mortality rate is much higher than the state average, our initial results are promising. Compared to other teenagers, EFNEP teens are more readily seeking medical help and learning that weight gain during pregnancy is key to the survival of their infants. Additional counties are requesting EFNEP to reach out to their teens. If we ignore teenage mothers, the costs of the resulting sick infants skyrocket. Just in one year, public costs to Dougherty county for births to teen mothers were $4,539,000.

2) We concentrate on hard-to-reach, hard-core poor. For example, in the Southwest part of the state, about 26 percent of residents have completed all four years of high school, and this percentage drops with poverty. These households are not temporarily short of money, they are chronically poor (75-100% of the current poverty level). They have limited education, few marketable skills, little access to transportation -- all compounding barriers to accepting education. We are certain these people will not readily attend a community education program, so we need to reach out to them.

3) We target EFNEP resources to specific areas and audiences. To reach our more rural areas of the state, we allocate EFNEP dollars to counties for a specified time period which is long enough to provide a first wave of education. But there is not enough time for follow-up or further outreach to low-income families, before moving on to the next county. While this strategy allows us to reach more counties with less money, we are often unable to provide the ongoing, reinforced education that might best serve these families.

EFNEP is a terrifically successful nutrition education program. Despite the creative management strategies used, we are only reaching a small fraction, less than 2% of the food stamp families. Seven years of level funding has meant that EFNEP reaches fewer people for shorter periods of time. If 1982 funding of 60 million dollars had simply kept pace with inflation (average of 5%), today's EFNEP budget would be approximately 84.5 million dollars. But only 57.6 million federal dollars were appropriated in 1988. This amount falls short considering the number of families with children below 125% of poverty increased almost 25% in past twenty years. To meet the need, EFNEP should be funded at closer to $100 million.

At current funding levels, EFNEP cannot reach out to the growing needs of the increasing numbers of low-income families, including those in rural areas, with pre-school children, or with pregnant teens. Additional funding is needed for EFNEP and for nutrition education demonstration programs that enhance interagency coordination on nutrition education and stimulate innovative approaches to meet the nutrition educational needs of the poor.

Our successes are great, but the missed opportunities are greater. EFNEP and nutrition education make the difference ....

- in whether a family's food stamps last through the month;
- in whether food stamp coupons buy candy, soft drinks, and chips or buy more nutritious foods like milk, fruits, vegetables, and meats;
- in whether families use their commodities wisely or have to discard them not knowing how to prepare them;
- in whether food-related pests and rodents are controlled or food is destroyed;
- in whether a family plants a garden and preserves the harvest or goes without vegetables;
- in whether an infant is breast or bottle fed or the infant receives soft drinks;
- in whether a pregnant woman increases her consumption of milk, fruits, and vegetables and decreases her consumption of alcohol, caffeine, and cigarettes;
- in whether an unborn infant progresses to full-term or is born prematurely; and
- in whether a single father can manage a household and keep his children at home.

I have given you a glimpse of who EFNEP serves, how it serves them, and what recipients gain from nutrition education. I have also provided a perspective on the funding crisis that impacts the program's integrity. I know that you Mr. Chairman with the support of the members of your subcommittee will work to enable food stamp participants and other low income families to make the right decisions for protecting their health.

(Attachment follows:)

VIEWPOINT

EFNEP: An Investment in America's Future

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Evidence of poverty, poor health, inadequate living conditions, and the plight of families unable to feed their children surfaced in the U.S. during the early 1960s. Delegations of physicians, legislators and others verified the reports, while a television documentary show, "Hunger USA" (1968), brought the national tragedy into the homes of middle class Americans and set the stage for a decision to convene a White House Conference on Food, Nutrition and Health in December 1969.

For its part, the Federal Extension Service established a Task Force to explore why the poor of the 1960s were not currently involved in Extension's educational programs, despite Extension's history of work with poor farm families. One response to the Task Force report was the funding of five major USDA pilot programs designed to reach low-income audiences through an innovative educational approach (1). This effort marked a renewal of Extension's historical philosophy of programming for low-income audiences — investing in people's ability to help themselves. Building upon these pilot projects, the Expanded Food and Nutrition Education Program (EFNEP) for adults was created in 1968. In 1969 Congress saw fit to legislatively authorize and provide a budget for the EFNEP, and in 1971 they set aside some of the EFNEP funds for the establishment of an EFNEP youth component (1, 2).

Now, twenty years later, the EFNEP remains the single largest federally-funded nutrition education program in the United States. As the EFNEP enters its third decade, it is timely to discuss several significant features associated with the EFNEP's success.

1. The EFNEP's paraprofessionals are crucial to the program's educational success. The effective implementation of a local EFNEP program involves a felicitous match between client groups and indigenous paraprofessionals. The EFNEP today reaches a large, ethnically diverse population. In order to teach these clients, the paraprofessional staff must be fluent in the clients' languages or dialects, and must understand the cultures of the groups with whom they work. Today, as in earlier years of the program, many of the EFNEP paraprofessionals live in the area in which they work and participate in the life of the community. Residing in the community gives paraprofessionals the ability to bring to the teaching situation a practical understanding of the real problems their clients face, plus a dedication and a level of compassion and commitment that are unmatched. In this way, they are able to open doors that are closed to other agency staff, as well as to expand the services of the professional (3).

Concurrently, EFNEP employment also provides personal growth and career development opportunities for the paraprofessionals (4–9). In every state, paraprofessionals have increased their self-esteem, been able to leave the welfare rolls, found better jobs, become community leaders, improved their own and their families' nutritional status, earned General Equivalency Diplomas (G.E.D.), obtained Associate Degrees or other technical certificates, and even completed baccalaureate or graduate degrees, which in some cases have led to employment as Extension agents.

It is well recognized that the success of the EFNEP paraprofessionals requires consistent and skilled supervision, program management, and support by Extension professionals (10). Like other staff members, the EFNEP paraprofessionals require opportunities to improve their knowledge on the subject matter of foods and nutrition, as well as their teaching skills. We feel the EFNEP can be particularly proud of having paved the way for the successful use of paraprofessionals in a number of other Extension and non-Extension programs.

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2. Many EFNEP clients become program volunteers. In 1988 47,500 individuals, many of whom were former or current program participants, served as EFNEP volunteers (11). It is difficult to assign a dollar value to the services contributed by EFNEP volunteers in the twenty year history of the program, but the EFNEP experience demonstrates clearly that volunteers are found in low-income communities. Some significant benefits that can be expected from the volunteer effort include expanded outreach, personal growth for volunteers, an increased sense of community, and often a new direction for the organization (12).

For most participants, volunteering in the EFNEP was their first community service experience. The scope of these volunteer activities has traditionally included assisting in teaching the EFNEP adult and youth lessons, securing educational resources, initiating group meetings, opening their homes for meetings, publicizing programs, and even baby-sitting so that other parents can participate in education programs or serve as volunteers themselves. Besides developing leadership skills, these participant-volunteers are often provided with a useful review of the food and nutrition information and skills they had previously learned. Although utilizing low-income volunteers in the EFNEP may be difficult at times, the rewards for such efforts are, we believe, immense.

3. The EFNEP changes the nutritional behavior and lifestyles of its participants. The EFNEP has been a notably successful nutrition education program. Adult and youth participants not only learn about foods and nutrition, they also learn how to apply this knowledge to improve their own diets and those of their families (13, 14). Longitudinal studies of the EFNEP participants indicate that clients sustain their improved practices up to five years after completion of the program (15, 16). Dietary change is only part of the EFNEP story. As participants gain a measure of control over one part of their lives (i.e., better nutrition), they become more confident in their ability to make further changes (17). JoAnn McCloud Harrison, State EFNEP Coordinator in Georgia, summarizes what many other EFNEP personnel have observed: "We see significant changes in people's self-esteem: they become empowered in feeling they can take control over some aspect of their lives, particularly their health and the health of their family" (18).

4. The EFNEP is voluntary, focused, and flexible.

Voluntary — Eligible individuals *choose* to participate in the EFNEP. This indicates they are ready to learn; they have reached a "teachable moment" in their lives and are ready to respond to what the program offers.

Focused — In establishing the EFNEP, Congress defined the audiences, identified expected results, and specified the primary delivery method. The EFNEP's outcomes are defined in terms of *behaviors*. For learning to occur and desirable practices to be adopted, the educational experience must have depth, must be of sufficient duration to effect change, and must be relevant to the client's needs; thus ensuring that individuals who lack basic skills and knowledge will acquire and apply this information for the betterment of the health and well-being of the entire family.

Flexible — The EFNEP's program content and duration are based on participants' prior knowledge, needs, interests, and abilities. Participants are actively involved in setting their own educational goals, and this, in turn, affects the number of lessons (six to twenty-four) that are taught by the paraprofessional. The instructional strategies employed by paraprofessionals (one-to-one, group, mail, or any combination of these) and the content of the lessons themselves will depend on the participants' assessed needs and learning styles (13). This focused but flexible approach facilitates participants' progression through the EFNEP and enables more low-income clientele to participate.

In addition to describing significant features of the EFNEP, it is crucial at this time of intense competition for federal funds to identify potential ways of continuing to enhance the EFNEP's effectiveness as a Congressionally-mandated educational program designed to improve the total diet and nutritional welfare of low-income families and youth. We consider the following points to be of special importance.

Utilize the infrastructure of the Cooperative Extension System. The Extension system is a long-established network linking the federal government, state land grant institutions, and local communities. Extension possesses a knowledge base, experience, and a capacity to conduct research that enhances program effectiveness. It also involves participants as well as leaders in program decisions. These organizational attributes contribute to the EFNEP's effectiveness and efficiency.

Assure that the EFNEP clients have an opportunity to participate in other Extension educational programs. Articulation between the EFNEP and other Cooperative Extension programs has posed a challenge since the EFNEP began. The new emphasis on issues programming in Extension should facilitate the transit of the EFNEP participants into other Extension educational programs.

Resist the temptation to make the EFNEP Extension's nutrition education program for all low-income audiences. The EFNEP's greatest success has been with hard-to-reach, difficult-to-teach, low-income urban and rural families. We believe this group should continue to be the EFNEP's first priority. In recent years, there has been a change in the nature of America's poor, with many single-parent and even dual-earner households being classified as low-income (13). Other segments of Cooperative Extension than the EFNEP will be more effective in addressing the needs of emerging and somewhat better educated low-income groups.

Retain the EFNEP's programmatic focus on nutrition education. Research has shown that EFNEP participants are improving resource-management and decision-making skills, and increasing self-confidence as well as learning food and nutrition related skills (15, 16, 19). We believe that participants will apply these management and decision-making skills learned through nutrition education in other aspects of their lives.

Increase the effectiveness of the EFNEP's interagency cooperation and interaction at every level. Effective coordination efforts, which occur most frequently at the local level, are the basis for establishing referral networks, sharing resources, avoiding duplication of effort, and providing better service to the target audience. Differences in organizational styles, priorities and "turfs" prevent optimal interagency cooperation from being established, and efforts should be made to overcome these obstacles.

Allow continued flexibility for states and local communities to develop innovative ways to meet the nutrition education needs of the poor. Over the past few years, Extension has recognized the need for increasing flexibility in the EFNEP accountability requirements. This increased flexibility is a positive step. In addition, a broad interpretation of the EFNEP's Congressional mandate encourages innovative and creative problem-solving. It is this interpretation and the "individualized" approach built into the program's operations that enables the EFNEP to serve the critical and diverse needs of the poor.

When we ponder the future of the EFNEP, we do so in light of its federal funding history, which is graphically illustrated in Figure 1. Since 1982 the EFNEP has had virtually level funding at approximately 60 million dollars. During this time, the purchasing power of the dollar has declined, while salaries and other program costs have steadily increased. In 1988, with a federal EFNEP appropriation of 57.6 million dollars, the EFNEP could afford to hire only about one-third as many paraprofessionals as could have been employed with the same dollars in 1982. Yet, the proportion of families with children trying to exist on incomes less than 125% of the poverty index has increased from about 15% when the EFNEP began to nearly 20% today (20). If the 1982 funding level of 60 million dollars had simply kept pace with inflation (average of 5%), today's EFNEP budget would be approximately 84.5 million dollars. Had the EFNEP budget been increased over the years in proportion to the growing number of poor families in the U.S., its current appropriation would be even higher.

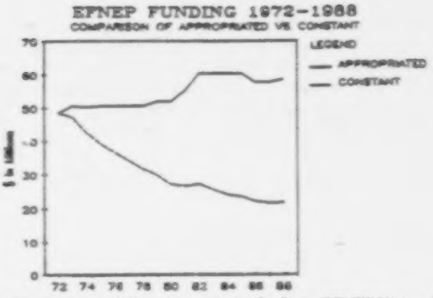

Figure 1. *Provided by Nancy B. Leidenfrost, EFNEP National Program Leader (11).*

In partial compensation for the effective *decrease* in federal appropriations, some states and counties have allocated in-kind resources and non-federal dollars to the EFNEP (21). In other cases, efforts have been made to secure external grants to support EFNEP activities or to enter into contractual arrangements with other agencies and organizations. Countless barriers to these efforts exist, including the requirements for matching non-federal funds and a lack of interest by most funders in providing operational dollars for an existing program, regardless of its proven success. Some funding sources specifically disallow proposals that appear to duplicate the EFNEP (22).

One possible source of additional funds is redistribution of USDA funds. Since Extension is designated as the lead agency for education within the USDA, we believe it would be reasonable for the EFNEP to be given both the *funding* and the *authority* to provide the nutrition education component for all of USDA's family nutrition programs, including WIC, CSFP and Food Stamps. If Cooperative Extension provided nutrition education to USDA's family food program recipients, families would be encouraged to develop the knowledge and skills to benefit maximally from their increased access to food.

What will happen if the EFNEP's federal appropriation is *not* increased? Clearly, the scope of the program will be further curtailed as operational costs increase. One possible result might be the federal allocation of funds only to those states with the largest number of low-income households. Secondly, some states might voluntarily withdraw from the program when it becomes prohibitively costly to operate, or they might restrict their remaining EFNEP units to the most cost-efficient sites — probably the large cities. This would result in the denial of the EFNEP's services to more families in critical need, especially those in rural areas where health and social services are already often inadequate. A third possibility is for Congress to rewrite the EFNEP mandate, placing emphasis on the dissemination of nutrition information rather than on achieving desired behavior and practices. We feel this course of action would result in a paradoxical situation in which some decision-makers would be impressed with the increased number of individuals contacted, even if the intended clientele neither understand the nutrition messages they receive nor know how to apply the information (23).

Today, diet is recognized as a modifiable risk factor associated with chronic disease; low income is another risk factor associated with these preventable illnesses (24, 25). The EFNEP is saving tax dollars — the education provided through the EFNEP reduces health care costs for its participants.

Congressman L. Panetta, Chair of the House Budget Committee, stated his view on the future of the EFNEP: "I'm very optimistic about the future of this program because I think there is a growing recognition that the investment we make in programs like this saves us tremendous funds . . . EFNEP is basically the component . . . that insures that those that receive the assistance are going to make the right decisions when it comes to the nutritional needs for their family . . . [if] they do that, then the dollars that are spent in those programs (will ultimately) save money in the future in terms of health care costs, the loss of education, the loss of employment that could occur . . . I think there is a recognition by Congress . . . this is not just good for people in terms of good nutrition information, it is a good investment in the future" (26).

As we face the challenges of the 1990s, we are confident that the EFNEP will continue to be a positive force for enabling low-income individuals and their families to improve their lives and their futures, for it gives them the tools and the opportunity to excel. What more, we wonder, could a nation want for its families and its children? ☐

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STATEMENT OF

RAYMOND C. SCHEPPACH

EXECUTIVE DIRECTOR

NATIONAL GOVERNORS' ASSOCIATION

Good morning, Mr. Chairman, and members of the Subcommittee. I thank you for the opportunity to testify before you this morning on behalf of the National Governors' Association (NGA).

The Governors appreciate the thoroughness of your efforts as you consider the reauthorization of the Food Stamp Program, and look forward to working with you as you move forward. I congratulate you for having introduced the Mickey Leland Memorial Hunger Relief Act yesterday, and am pleased that a number of the priorities of the Governors are addressed. While I have not yet had the opportunity to review it fully, I will certainly do so shortly and will hope to continue to work with you on any concerns that may still be outstanding.

The timing of this hearing is particularly useful from our perspective for two reasons. Over the past several days, the Governors, working with the President, adopted a series of National Education Goals designed to ensure that the United States is prepared to address and respond to the major challenges at home and in the world. Among the goals is that by the year 2000, all children in America will start school ready to learn. The first objective in achieving that goal is that children will receive the nutrition and health care needed to arrive at school with healthy minds and bodies. Reforming the Food Stamp program will directly aid in our ability to meet that objective and is a critical recognition of the very tragic role hunger plays in impeding the progress of our children.

In addition, just yesterday the Governors passed a new Food Stamp Policy which outlines their priorities and concerns relating specifically to the reauthorization of the program. The policy was developed by a 13 state work-group, chaired by Ohio Governor Richard F. Celeste.

I come here this morning to share with you several of the issues of highest priority to the Governors. With your permission, I would like to submit the full policy statement for the record.

Hunger is a Symptom of a Larger Problem of Poverty: Hunger, like homelessness, is not an isolated problem, but is one consequence of the larger problem of poverty. For that reason, many of the Governors' recommendations are an attempt to more effectively link food stamp policy with our overall strategies for addressing poverty.

As a manifestation of the larger problem of poverty, the Governors call for a renewed commitment to addressing hunger. We believe that the reforms called for in the attached policy will go a long way toward making the Food Stamp program a more effective component in our nation's struggle against the impact of poverty.

The magnitude of the problem of poverty in America today is enormously disheartening to all of us. According to the Census Bureau, the amount (adjusted for inflation) by which the average poor family falls below poverty line was greater in 1988 than in any year since 1960. Those whose incomes were at only half of the poverty level was higher in 1988 than it had been for 15 years. Twenty percent of our children live in poverty; among minority children that number is closer to forty percent.

The impact to this country's poor families from the scarcity of low income housing is staggering. The Reagan Administration established that thirty percent is the maximum proportion of a household's income that can affordably be spent on rent. According to the Department of Housing and Urban Development (HUD), two-thirds of this country's poor families spend at least half of their income on housing.

Hunger is a direct bi-product of trends like these.

The Governors' Proposal: The Governors believe that changes are needed in the Food Stamp Program to better assist low income families and individuals to become economically self sufficient, to increase coordination with other assistance programs, and to improve its administration and cost effectiveness. Many of the Governors' concerns and priorities are shared by the other organizations with which you have worked over the past several months--the Food Research and Action Center, the American Public Welfare Association, the Center for Budget and Policy Priorities and others. We hope that this consensus signals a strong, broad-base of support for the reforms which we consider to be essential.

REFORMS TO ENHANCE SELF-SUFFICIENCY:

The Governors urge you to enact a series of reforms to the Food Stamp Program which will more effectively enable participants to build the foundation to become self-sufficient. I will outline several of the Governors' recommendations, and would refer you to the accompanying policy for the complete list. Each of these recommendations on its own may appear narrow or small in the scheme of the overall program, but taken together they will have a considerable impact.

Household Definition: The Governors urge you to simplify the definition of a household in determining eligibility and benefit levels for the Food Stamp program. It is important to acknowledge that often the low income housing crisis forces individuals to share shelter with family members or friends, but that in many cases these individuals maintain separate households. In other words, the sheer fact of living under one roof does not imply that all of the individuals are operating as a single household. The definition should be revised to acknowledge that if the individuals are purchasing and preparing meals separately, they constitute different households. We should establish an exception to the "separate meal" rule for disabled individuals who constitute separate households, but who are unable to prepare their own meals.

Removal of Cap on Excess Shelter Costs: So that the poor do not have to choose between food and shelter, the Governors urge you to remove the present low ceiling on excess shelter costs. Presently, most food stamp households may deduct, only up to $177, shelter costs beyond 50 percent of their income. The $177 level was established 13 years ago and simply is no longer reflective of the amount many families must pay for housing. When the $177 figure was established, the ratio between low income families and low income housing was the reverse of what it is today. While at that time, there were more units than there were people to occupy them, now there are several million fewer rental units than there are families with incomes less than $10,000.

Programs Should Not Disqualify Students Who Are Otherwise Income Eligible But Who Are in School Full-Time: Presently, the Food Stamp program embodies a disincentive to recipients to attend college full-time. This flies in the face of everything we know about breaking the cycle of poverty. While the original intent of this provision was to prevent non-poor students from declaring themselves independent and then collecting food stamps, it is much too broad and has the effect of preventing legitimately poor individuals from attending college full-time. The Governors urge you to allow individuals who otherwise qualify for food stamps to attend school full-time so that they might better themselves and their families. This would seem a particularly important reform given the unanimous predictions about the education requirements for the jobs of the nineties.

In a report sponsored by the Department of Labor, the Hudson Institute asserts, "Education and training are the primary systems by which the human capital of a nation is preserved and increased... A century ago a high school education was thought to be superfluous for factory workers and a college degree was the mark of an academic or lawyer. Between now and the year 2000, for the first time in history, a majority of all new jobs will require postsecondary education." Certainly, we would not want a federal program to discourage education, yet presently this is exactly what the Food Stamp program does.

Raise the Vehicle Value Limit: Similarly, I imagine that we all would agree that it would be inappropriate and counter-productive to require individuals whom we encourage to be self-sufficient to relinquish something that has enabled them some autonomy and indeed, may be indispensable if they are to find and hold a job. However, the current policy regarding vehicles, often results in just that ironic a development. Presently, a food stamp recipient may deduct the value of a vehicle, up to $4,500, from her income calculation. When the $4,500 limit was established in 1977, it may have represented a realistic value. However, thirteen years later and 120 percent higher on the Consumer Price Index, it is no longer a reasonable ceiling. The Governors urge you to modify the limit so that it is more reflective of the value of vehicles today.

We suggest, further, that vehicles which are used to transport fuel or water for households with no external energy source or piped-in water be exempt from the income calculation altogether. This provision is particularly important in rural areas. In places still not served by water mains, households may have to haul drums of water for long distances and often over difficult terrain. Other rural households may have to haul firewood or coal to their homes for heat. Even the poorest of these households cannot afford to be without a vehicle that can withstand this kind of use. Yet the trucks that many households have for this purpose, though far from luxurious, tend to have fair market values in excess of the current $4,500 limit. Unless this exemption is established, eligible households will be denied food stamps solely because they have such a vehicle.

Amend the Child Support Disregard to Be Consistent with AFDC: As an incentive to encourage AFDC recipients to cooperate with child support enforcement efforts, the first $50 per month of child support is exempted from recipients' income calculation. The $50 is not, however, disregarded from income determination for the Food Stamps Program. This lack of parity between AFDC and Food Stamps results in administrative complications and is one source of payment errors. In addition, Food Stamps recipients are offered no financial incentive to participate in child support enforcement efforts. For both of these reasons, the Governors urge you to incorporate the child support disregard into the Food Stamps Program.

These are examples of the "self-sufficiency" reforms the Governors would urge you to endorse as you reauthorize the Food Stamp Program. In many cases they are merely an "updating" of the legislation--an acknowledgement of the impact of time on the value of a dollar. In others, they are an important recognition of the multifaceted aspects of poverty and the resultant need to assure that our anti-poverty programs build upon and enhance--rather than compete with--one another.

REFORMS TO ENCOURAGE PROGRAM COORDINATION AND CONSISTENCY

If the Food Stamp Program is to more effectively play a role as part of an overall strategy to address the immediate and future needs of individuals in poverty, it must be better coordinated with other related programs. In order to be a both a meaningful safety net which allows individuals to gather strength while they rebuild their lives-- instead of a hammock with holes from which they fall through--our anti-poverty programs must operate more effectively as a coordinated network. Too often, now, they represent a series of separate, unrelated, inconsistent initiatives which are compatible only by coincidence rather than by design.

For example, many states wish to better coordinate their Food Stamps Employment and Training Program, created in federal law in 1986, and their Job Opportunity and Basic Skills Program (JOBS), authorized in the Family Support Act of 1988. Unfortunately, regulatory barriers currently constrain Governors' ability to coordinate these programs, which are often delivered out of the same local offices by the same caseworkers. Coordinating these two employment and training programs will both be more cost-effective and will streamline client access.

To facilitate this type of program coordination, the Governors recommend that Congress establish a commission to examine the interrelationship between the AFDC, Food Stamps, and other assistance programs. Additionally, the Commission should work to ensure that statutory and administrative changes in one program are not enacted without consideration of their impact on the others.

Further, to assure consistency in policy and administration the Governors urge Congress to establish an interagency review of all AFDC, Food Stamp, and other assistance programs' regulations proposed by the Departments of Health and Human Services, Agriculture, and other relevant agencies.

REFORMS TO FACILITATE EFFICIENT, COST-EFFECTIVE ADMINISTRATION

The Governors support a strong federal-state Quality Control system which provides for a real partnership in controlling payment errors. We urge you to establish a fair and equitable system to assess state performance and encourage, rather than inhibit, management improvements. It is critical that the Quality Control program ensure accountability without at the same time removing essential resources from state and local human service budgets.

Specifically, the Governors urge you to support efforts to conform the Food Stamp Quality Control (QC) system with the AFDC reform legislation enacted into law as part of the Omnibus Budget Reconciliation Act of 1989. In particular, we urge you to include provisions in the reauthorization bill that would (1) eliminate the backlog of sanctions for fiscal years 1983 through 1990, and (2) allow an Administrative Law Judge to review all of the factors of a state's case in determining whether, and to what extent, sanctions should be levied. After hearings and considerable debate, two similar provisions were included in the AFDC legislation.

It was our understanding that the 1988 package of reforms to the Food Stamp program, albeit significant, did not represent complete reform of the Food Stamp QC program. Dollars were few, the issues were complicated, and time was short. As a result, the Governors believe that there was a commitment on the part of this subcommittee to revisit the abovementioned issues, in particular, during the reauthorization process.

Backlog of Outstanding Sanctions:

As you acknowledged during your consideration of the Hunger Prevention Act of 1988, the sanctions comprising the backlog were developed during a period when the QC program was critically flawed. As you know, payment of these sanctions would prove debilitating to many states. Given the circumstances under which these sanctions were developed, I imagine that you would agree that this would be neither a wise nor appropriate use of state human service resources. The Governors, in urging you to waive this backlog, ask you to apply the same degree of fairness that was applied to the AFDC backlog. I hope that we can work together to address this critical issue to our mutual satisfaction.

Appeals Process:

Eliminating the waiver process and extending authority to the Administrative Law Judge to review a state's entire case will finally resolve an issue left open during negotiations on Food Stamp Quality Control reform in 1988. At that time, states were assured that Congress would review during the reauthorization process the whole issue of appealability of waiver denials. We remain deeply concerned that the U.S. Department of Agriculture's policy on waiver of sanctions is unduly restrictive. Frankly, we are concerned that decisions are not adequately linked to the circumstances under which the state has requested a waiver, but are rather affected primarily by budgetary factors.

The Governors strongly believe that a streamlined, less paper-intensive process, in which an objective decision maker determines the appropriateness of a state's waiver request, would be both more efficient and more fair.

Further, as you know, no proposed regulations regarding the 1988 reforms have been issued and the Food Stamp Appeals Board has been disbanded for over a year. The Governors believe, therefore, that enacting reforms to bring Food Stamps in line with AFDC would not interfere with any regulatory action by the Food and Nutrition Service.

If, however, you believe that you cannot bring the Food Stamp QC appeals process in line with that of AFDC, at a minimum we urge you to reestablish the states' ability to appeal the denial of a waiver. As you know, in effect states are presently prevented from doing so.

OTHER ISSUES

Before concluding, there are two other important issues I would like to mention. The first is the Governors' concern about the very low participation rate in the Food Stamps Program; the second relates to our concern about the value of food stamp benefits in relation to the cost of food.

Low Participation Rates:

According to the Census Bureau and USDA, in 1988 there were 2.6 million more people living below the poverty line than in 1980, but on average there were 1.1 million fewer people receiving food stamps.

The Food Stamp Program cannot be effective if eligible persons are unaware of its existence, do not understand its basic eligibility requirements, or do not know how to apply for benefits. To help to ease the disparity between eligibility and participation, the Governors urge that a federal outreach program be restored. As already mentioned, we remain convinced that bringing AFDC and Food Stamps into greater conformity would also help to address this problem.

Value of Food Stamp Benefits:

The Governors are concerned that the current value of benefits to recipients not be reduced and that they be adjusted to as necessary to reflect the increased costs of food. We recommend that Congress commission a study by an independent nonpartisan organization to reevaluate how benefits are determined, including a review of the Thrifty Food Plan.

CONCLUSION

I thank you again for the opportunity to testify here this morning. Ihave outlined several of the Governors' primary concerns, and encourage you to review the attached policy for a complete description of their priorities.

The Governors are gratified by the breadth of the package of reforms you introduced yesterday, and look forward to continuing to work with you.

I would be happy to answer any questions. Thank you.

(Attachment follows:)

C-6. INCOME SECURITY

6.3 The Food Stamp Program

6.3.1 **Preface.** Hunger continues to be a problem for millions of Americans despite ongoing government programs and private efforts. Hunger is not an isolated problem but one consequence of the larger problem of poverty. While food assistance programs have helped states to alleviate the problem, the incidence of hunger indicates the need for renewed commitment.

The National Governors' Association strongly supports the reauthorization of the Food Stamp Act. The Governors also support the extension of the Temporary Emergency Food Assistance Program (TEFAP), which serves many people in need such as the elderly and homeless.

The nation's Governors believe that changes are needed in the Food Stamp Program to improve the administration and cost-effectiveness of the program, to increase coordination with other assistance programs, and to better assist low-income families and individuals in need to obtain food and become economically self-sufficient. The Governors do not support proposals that would transform benefits into a block grant or reduce the federal commitment.

6.3.2 **State Efforts.** The Governors are committed to developing Food Stamp programs that work in the most productive and cost-effective ways possible. Toward this end, states have undertaken efforts to increase client self-sufficiency and reduce program complexity and other barriers recipients encounter. The Governors believe that states need continued flexibility to enhance these efforts. The federal government, states, local governments, and the private sector need to work together as partners to help those in need to become economically independent.

6.3.3 **Value of Benefits.** The Governors are concerned that the current value of benefits to recipients not be reduced and that benefits be adjusted as necessary to reflect the increased costs of food. The Governors recommend that Congress commission a study by an independent, nonpartisan organization to reevaluate how benefits are determined, including a review of the Thrifty Food Plan.

The Governors support the adoption of the following policies to assist recipients in their efforts to become self-sufficient.

- The food stamp household definition should be simplified to allow groups other than those composed of spouses, parents, and their minor children to be separate households as long as they purchase and prepare meals separately. Individuals over eighteen who are unable to purchase food and prepare meals due to a disability should be allowed separate household status provided the declared gross income of the other members does not exceed the poverty line by 100 percent.
- In determining benefits, all families should be treated equitably. For example, the cap on excess shelter costs should be removed, and the proration of benefits for families reapplying for food stamps within one month after their benefits have ended should be eliminated.
- The definition of an eligible student should be expanded to include those who receive financial assistance awarded on the basis of financial need.
- To encourage students to stay in school, rules applying to income exclusion should be treated the same as in AFDC.
- Increase the limit on the value of vehicles that a household may own to reflect an annually adjusted standard that is based on the actual cost of low-priced cars. Exempt vehicles that are used to transport fuel or water for households with no external energy source or piped-in water.
- Exclude payments that the Department of Housing and Urban Development provides to households living in subsidized housing to help defray utility expenses.
- Allow food stamps to be used in restaurants to provide meals to the homeless.
- Permit food stamp recipients to exclude income and resources that they have set aside under the SSI Pass Plan for education, vocational training, or other activities that would help a client obtain self-sufficiency.

- Permit higher levels of federal reimbursement for food stamp employment and training participants' expenses such as transportation and uniforms.
- Households at risk because of recurring medical costs should be permitted a standardized medical deduction or a deduction based on actual costs, whichever is greater.
- Allow states to have a separate standard utility allowance for households that indirectly pay heating or cooling expenses without going through Food and Nutrition Service's waiver process.

6.3.4 **Program Consistency and Coordination.** The Governors believe that the Food Stamp Program should work in conjunction with other assistance programs to assist families in poverty. Efforts should be made to reduce program complexity and federal barriers that impede states' coordination and administration efforts of the Food Stamp Program, AFDC, and other assistance programs. The Governors have invested substantial resources in their efforts to increase coordination of their income security systems and to improve the delivery of services to low-income people. Toward these ends, the Governors recommend the following.

- Congress should establish a commission to examine current food stamp law, AFDC, and other public assistance programs to recommend mechanisms to increase coordination among these programs. The interrelationship between AFDC and food stamp programs, specifically the food stamp benefit adjustment required by AFDC benefit increases, should be reviewed. Additionally, the commission could work to ensure that statutory and administrative changes in one program are not enacted without consideration of their impact on the other. Barriers in current federal law and regulations have impeded states' ability to integrate assistance programs that would result in a more effective use of resources.
- Congress should establish an interagency process to review all AFDC, food stamp, and other assistance programs' regulations proposed by the Department of Health and Human Services, the Department of Agriculture, and other relevant federal agencies, and require conformance wherever feasible.
- Changes made through this process should simplify administration and, at a minimum, maintain the current level of recipient benefits.

6.3.5 **Employment and Training Programs.** While the Governors continue to support a strong emphasis on assisting food stamp recipients in obtaining employment, states need the flexibility to create food stamp employment and training programs that complement programs created under the Family Support Act's JOBS program. Regulatory barriers have impeded states' efforts to integrate programs. States need the flexibility to design programs that will adequately incorporate the resources of both programs, which will prove more cost-effective in the long run. Additionally, states must be allowed the flexibility given to them in the Food Security Act to design programs that best meet their needs. For example, states should have the option to give volunteers priority in their food stamp employment and training programs.

The Governors are concerned with the mandate that performance standards be implemented for the Food Stamps Employment and Training program. While states support the concept of evaluating employment and training programs based on outcomes, many factors that vary widely from state to state need to be studied to determine how performance is measured. Therefore, the Governors recommend that no food stamp employment and training outcome standards be imposed at least until the standards for the JOBS program are developed and reviewed.

6.3.6 **Quality Control.** The Governors support a strong federal-state quality control system that provides for a real partnership in controlling payment errors. The Governors urge Congress to establish a fair and equitable system to assess state performance and encourage, rather than inhibit, management improvements. Quality control and similar administrative systems should be designed to aid accountability in the food stamp program without removing essential resources from state and local human service budgets.

The Hunger Prevention Act of 1988 made significant changes to the food stamp quality control system, many of which will assist states in improving their systems. The Governors still have concerns specific to the food stamp quality control system, including the treatment of the backlog of past sanctions and the current restrictions on appealing waiver denials. The Governors believe that these issues should be resolved so states are not penalized based on an unequitable system. The spirit of the AFDC quality control reform should be reflected where possible in further refinements of the food stamp quality control system.

6.3.7 **Program Simplification.** The Governors also believe that the present food stamp system is unnecessarily complex, and support federal action to simplify the program and to improve the quality of administration. The Governors' specific recommendations include the following.

- Disregard the first $50 of child support for food stamps as is currently done in AFDC.
- Provide states with the option to utilize retrospective or prospective budgeting regardless of whether the state uses monthly reporting.
- Provide greater stability for the administration of the program by providing sufficient time for proper implementation of any statutory or regulatory change. Any changes, except for annual cost-of-living adjustments, should be provided to states as interim final or final regulations, with a mandatory effective date no earlier than the first of the month 180 days after publication of such regulations.
- Recipients' alien status should be verified only if an applicant cannot provide an INS document or provides one that is questionable. In addition, the head of the household should be allowed to attest to the eligible alien status of all other household members.
- States should be given statutory authority to allow Electronic Benefit Transfer Systems to count as part of a state's administrative procedures. Currently states can use these systems only through special demonstration project authority.
- Allow improvements and changes needed in automated data processing systems to be eligible for enhanced federal reimbursement.
- Repeal the requirement that states issue first and second months' benefits in a single allotment.
- Allow the Food Stamp Program to be deemed in compliance with the Computer Matching and Privacy Act's thirty-day notification requirement and its independent manual verification requirement.
- Increase the minimum level provided for actionable claims.
- Recipients of general assistance (GA) should be categorically eligible for food stamps when the state administers the GA program and the state's GA eligibility criteria and verification requirements are equal to or stricter than AFDC eligibility criteria.
- States should be permitted the option to cash-out benefits for SSI recipients.

6.3.8 **Program Outreach.** The Food Stamp Program cannot be effective if eligible persons are unaware of the program and of basic eligibility requirements. As a result, a federal program for outreach should be restored to assure awareness of the Food Stamp Program. These special efforts need to be made to ease the disparity between eligibility and participation for populations not being served adequately, such as the elderly.

6.3.9 **Nutrition Assistance Program of Puerto Rico.** The Omnibus Budget Reconciliation Act of 1981 removed the Commonwealth of Puerto Rico from the National Food Stamp Program and established a nutrition assistance block grant effective July 1, 1982. This block grant reduced federal funding by about 25 percent below the projected fiscal 1983 level and established a ceiling of $825 million per year. This change affected more than 100,000 participants due to the program's stringent eligibility and certification requirements. Income limits were kept at the 1982 level. As a consequence, for a family of four, Puerto Rico's income limit is $8,004, compared with the National Food Stamp Program's limit of $11,652. Although Congress authorized cost-of-living adjustments to the block grant, these were not substantial enough to meet the nutritional needs of the participants.

The Puerto Rican government has developed a nutrition program administered through direct cash assistance, popularly known as food checks. This program minimizes administrative costs and provides maximum benefits to the needy. The Puerto Rico food check program has proved to be highly successful, so much so that it is strongly supported by both major political parties in Puerto Rico.

The National Governors' Association expresses its concern regarding the discriminatory treatment of American citizens residing in Puerto Rico, and urges Congress to increase the block grant to provide benefits equivalent to the National Food Stamp Program, or return U.S. citizens who live in Puerto Rico to full participation in the National Food Stamp Program.

Testimony of

Rev. Charles A. Parker, Executive Director

Bread for the City

Hearing on the Food Stamp Program and the Temporary Emergency Food Assistance Program

I. Introduction

My name is Charles Parker and I am the Executive Director of a non-profit, church-sponsored hunger ministry called Bread for the City. BREAD was founded by a group of churches in the Thomas Circle area of the District of Columbia to supply food, clothing, and counseling and referral services to low income residents of the District. We operate out of two sites: the main site is at 1305 14th St., N.W., and the second site is at 2525 Ontario Rd., N.W.

BREAD's food program is focused on people who live in homes but are below 130% of the poverty line (the level of income that serves as the cut-off line for food stamps). They need to be residents of the northwest quadrant of the District and must also fall into one of three catagories: elderly, disabled and unable to work, or parents with dependent children. We provide a three day supply of food to about 2,000 families per month that meet these requirements.

Much of the food that BREAD gives out is from the Temporary Emergency Food Assistance Program (TEFAP). Though the amount of TEFAP food available dropped off rather precipitously in 1988, it continues to make up a sizable portion of our food bag.

We also assist clients in making use of programs such as food stamps. 97% of our clients are eligible for food stamps, yet only one third actually receive them. This is due to a variety of factors many of which are the result of the difficulty in working with the bureaucracy. BREAD's staff people will help clients fill out food stamp applications, assemble the needed documentation, and work with the food stamp case workers. Through both the food distribution and counseling, BREAD works fairly extensively with both the TEFAP and food stamp programs.

II. Hunger in the District of Columbia

The poverty line is a figure that is developed by the federal government based upon the amount of money that it takes for a family to feed itself. In the current year, that figure for the continental United States is $12,108 for a family of four. In the District of Columbia, 20.4% of the population lives below this level. One out of five people in the District lives in poverty, over 150,000 people. That figure compares with a national average for metropolitan areas of 12.5%.

Because the poverty line is based on the amount needed to purchase food for an adequate diet, all of these people are at risk of hunger. One third of these are children. Going hungry for even a very small period of time can have a major impact on the development of a child at all stages. In a recent survey of the fifty states and the District, the District ranked 51st in the infant mortality rate, with a figure three times the national average. It also ranked 51st in the percentage of low birth weight babies.

Hunger also affects a child's ability to concentrate on his or her studies in school. D.C. has the highest percentage of children not graduating from High School, despite being ranked 4th in expenditures per pupil. In a closely related statistic, D.C. also ranked 51st in the percentage of juvenile incarcerations. While there are certainly other factors that influence these statistics, they are some indication of the scope of the need for hunger programs in the nation's capital.

Last December's *Status Report on Hunger and Homelessness in America's Cities: 1989*, produced by the U.S. Conference of Mayors, cites a 43% increase in the demand for food assistance in the District, higher than any other city surveyed. This same survey noted that many of the city's emergency food providers had been forced to tighen their eligibility criteria, and over half were still forced to turn eligible people away due to lack of resources.

III. The Temporary Emergency Food Assistance Program

BREAD, along with many of the city's other pantries, has been very heavily dependent on TEFAP food for many years. For budgetary purposes, BREAD values the TEFAP food at what it would cost for us to purchase it on the wholesale market. In fiscal year 1987-88, this figure amounted to $258,000, over half of our total budget. After the TEFAP program switched from distributing surplus commodities to purchasing food through the Hunger Prevention Act, the amount of available commodities dropped off considerably. In fiscal year 1988-89, the total value of the TEFAP food BREAD received was $70,000, an almost $190,000 drop.

Many of the city's other pantries were also heavily dependent on the TEFAP commodities and have had to close down entirely or for portions of each month. As a result, BREAD experienced a 30% increase in clients during the same year that we experienced an 80% drop in TEFAP commodities. BREAD has focused more intentionally on its fund-raising efforts to try to compensate for this drop, but we have not been able to support all of the people seeking food assistance from us.

In July 1989, we had to stop taking in new clients, and in November 1989 we were forced to reduce our service area from the entire city to just the northwest quadrant. We have just this month begun taking in new clients from the reduced service area.

Our experience with TEFAP leads me to make three central recommmendations regarding its reauthorization. I certainly recognize that Congress is working with limited resources, but I need to emphasize the fact tnat BREAD does not want to advocate for more TEFAP resources at the expense of improvements in the food stamp program. Food stamps are a better way of working with hunger issues than TEFAP in the long term. In the short term, however, there remains a great need for TEFAP to operate at higher levels than it has.

Recommendations

1. Provide Additional Resources

The drop off in available commodities was far too quick for any of the area pantries to compensate for it. Reauthorizing TEFAP at a higher level than the current $120 million would allow us more time to find other ways of compensating for this food. BREAD has been successful in raising more funds from individuals and corporations, but we have not begun to compensate for the $190,000 drop in TEFAP.

2. Combine the TEFAP Resources and the Soup Kitchen Resources

The Hunger Prevention Act set aside $40 million to purchase food for soup kitchens in addition to the TEFAP money. The soup kitchens in our area very frequently seem to have more than they can use. If these resources were added to the TEFAP monies and all the food was packaged in household size units, it would allow the state agencies to distribute the food in a way that better reflects the needs of the community.

3. Simplify Paper Work

Currently, every client that picks up TEFAP commodities is required to be certified individually on an annual basis. Additionally, they need to sign for the food every time they receive it. As I understand it, the purpose of this paper work is to verify that people receiving TEFAP commodities fall within the income guidelines. On a practical level, these records are rarely, if ever, checked by USDA. Additionally, many pantries already keep these records, so that the additional paper work merely duplicates information we already keep.

The primary effect of this paper work is to keep many small pantries from making use of TEFAP commodities, and thus limiting the general access to these commodities. If Congress would consider requiring USDA to certify agencies instead of individuals, I believe that many more organizations would begin to make use of the food.

IV. The Food Stamp Program

Although Bread for the City does not do general policy analysis, we do have some practical experience in helping people make use of the food stamp program. As I noted earlier, 97% of BREAD's clients are eligible for food stamps, while only about a third actually receive them. This is primarily due to a variety of access problems caused by the city's administration of the program. The combination of difficulty in accessing the system and the low level of benefits generally available discourages people from making the effort to get enrolled on the food stamp program.

While many of these issues need to be addressed on the city level, I believe that there are federal actions which could be supportive.

Recommendations

1. Increase Food Stamp Benefits

As I am sure you are aware, the average food stamp benefit is $0.57 per meal. Many senior citizens are only eligible for the minimum ten dollar benefit per month. These seniors often come to BREAD having sat in the food stamp offices for five or six hours only to recieve these $10.00 in food stamps. They evenually become discouraged and stop participating in the program. Additional food stamp benfits would not make the wait any easier, but it would make it more worthwhile.

2. Provide Federal Money for Food Stamp Training

Many workers in the District food stamp offices seem to have limited training in food stamp regulations. BREAD staff people very frequently help clients who were turned away because food stamp workers did not have adequate information. Many are not familiar with the requirements for expedited food stamps, and no office in the city has the required information on them posted. While this is clearly a city issue, federal money provided for food stamp training might make it easier for the city to provide this training.

3. Increase Use of Program Information Monies

The Hunger Prevention Act provided matching money available for program information efforts. While this is certainly very helpful, since the District has not provided the initial funding, we have not been able to make use of the matching money. Our experience at BREAD is that one-on-one client work is extremely effective in helping people make use of food stamps. By helping clients fill out food stamp forms and collect the needed verification, we can make the experience in the food stamp office much easier.

Congress could make more of this type of work possible by broadening the definition of food stamp program information to include this type of assistance in the application process. It would also help if the money could be made directly available to the city rather than requiring matching funds; which will, in all likelihood, not be forthcoming in either D.C. or most of the fifty states.

4. Remove Cap from Shelter Deduction

Many of BREAD's clients spent between 50% and 75% of their income on housing. They need to be able to deduct all of their shelter costs above 50%. With the present cap on gross income, the cap on shelter deduction does not serve any purpose and considerably limits the amount of food stamps that low income people can recieve.

5. Remove Household Definition Rules

The current housing crisis in the District has forced many families to double up temporarily with friends and relatives. These families often continue to function as independent units and need to be able to apply for food stamps separately. As a policy statement, this encourages families to continue to function independently, even if their circumstances have temporarily compromized that independence. On a practical level, if a family takes in a homeless relative who receives food stamps independently, by the time the two separte applications have been amended, the homeless person's status may well have changed again.

V. Conclusion

I very much appreciate the opportunity to speak to the committee this morning. If I or BREAD can be of further help, please do not hesitate to contact me.

FRAC
FOOD RESEARCH AND ACTION CENTER

Testimony of

Cheryl A. Wehler
Project Director
Community Childhood Hunger Identification Project (CCHIP)
of the Food Research and Action Center

and

Lynn Parker
Director of Nutrition Policy and Research
Food Research and Action Center

before the Subcommittee on Domestic Marketing,
Consumer Relations and Nutrition

Committee on Agriculture

United States House of Representatives

Hearing on the Food Stamp Program and
the commodity donation programs

February 28, 1990

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Introduction

Good morning. My name is Lynn Parker, and I am the Director of Nutrition Policy and Research, and a nutritionist, at the Food Research and Action Center here in Washington. FRAC, as we are commonly called, is an organization that works to alleviate hunger and poverty in the United States. We work on many different levels, but our particular area of expertise is federal food assistance programs. I would like to add at this point, Mr. Chairman, that we deeply appreciate your, and Mr. Emerson's, sponsorship of the Mickey Leland Memorial Hunger Relief Act, introduced yesterday in the House of Representatives, especially your continuing support for improvements in the Food Stamp Program and the Temporary Emergency Food Assistance Program.

Cheryl Wehler, the Project Director of FRAC's Community Childhood Hunger Identification Project, or CCHIP, will begin our testimony this morning by describing the ground-breaking nationwide childhood hunger survey FRAC has embarked upon and its findings in New Haven, Connecticut, three areas in Washington state, and Hennepin County, Minnesota (in which Minneapolis is located.) If our findings in these three sites hold for low-income families nationwide, we estimate, conservatively, that two to five million low-income children in the United States are hungry at any given time and a total of 8 to 9 million children are either hungry or at risk of hunger. Ms. Wehler holds a Master's Degree in Nutritional Biochemistry and Nutrition Policy from the Massachusetts Institute of Technology and was the Project Director of the 1983 Massachusetts Nutrition Survey. I will then discuss the implications of these findings in light of the 1990 Food Stamp Program reauthorization. As I will explain later in the testimony, we estimate, based on our Minnesota data, that two key provisions of the bill -- the increase in the food stamp allotment to 105 percent of the Thrifty Food Plan and the elimination of the cap on the shelter deduction -- would mean a 10.6 percent increase in household food resources.

Testimony of Cheryl A. Wehler

Introduction to the Community Childhood Hunger Identification Project

Good Morning. This morning I would like to tell you about the Community Childhood Hunger Identification Project, or CCHIP, some significant findings of our CCHIP surveys so far, and our estimates of the number of low-income children who are hungry in the United States, based on our CCHIP survey results.

What we now call the Community Childhood Hunger Identification Project originated out of a growing concern in communities across the country in the early 1980s that hunger was increasing. Many individuals and organizations, including city council members, union officials, emergency food providers, parents' groups, public health nutritionists, university professors, social welfare organizations, church groups, anti-poverty groups and others, called and wrote to FRAC stating that they saw what they thought was a growing hunger problem in their communities, in many cases reflected in astonishing increases in demand for emergency food. They told FRAC that they needed a scientifically sound method to document whether the problem of hunger did, in fact, exist in their communities and, if so, the extent to which it existed.

In 1984 FRAC brought together a group of researchers, service providers and policy makers to discuss the feasibility of designing such a study to assess the prevalence of hunger in a community. After that meeting, the Connecticut Association for Human Services (CAHS), a statewide research and education organization in Hartford, took up the challenge to develop a model hunger survey that could be used to document hunger in any community across the country. They obtained corporate funding from the American Can Company Foundation, later called the Primerica Foundation, for the development and piloting of a childhood hunger survey.

I was the Project Director for this development phase, working under the auspices of CAHS. We started this ambitious endeavor with a decision to focus on childhood hunger and to target high-risk populations, as opposed to the general population. We knew that we wanted to be able to determine the prevalence of hunger in a given area. In developing the survey, we also wanted to be able to take into account the subjective nature of hunger. Finally, we wanted to develop tools that could be used by community organizations as well as public health professionals and researchers.

The first thing we did was put together a Technical Advisory Committee of experienced and widely respected social science survey researchers, child health and nutrition experts and practitioners from universities, state government, teaching hospitals, state and federal agencies, and national organizations, to guide the development of the project. (A list of our current Technical Advisory Committee is attached to the written testimony.)

This distinguished group, working closely with me and the CAHS staff, reviewed all available survey research on hunger. We decided that the most appropriate method to determine the extent of hunger in a high-risk population in a given area was to interview, face-to-face, in a representative sample of households, the main care-givers of the children. In addition, we decided that more accurate and complete data would be obtained if individuals from the community were trained in interviewing skills by project staff.

In order to develop the questionnaire, we needed to decide how we would define hunger. Our definition of hunger is: the mental and physical condition that comes from not eating enough food due to insufficient econcmic, family or community resources. Based on this definition, we developed a hunger scale of questions that indicate whether adult or child members of the household are affected by food insecurity, food shortages, perceived food insufficiency or altered food intake due to resource constraints. (A list of the eight key hunger questions we use in the CCHIP questionnaire is attached to our written testimony.) However, we went far beyond asking these hunger questions alone. We also developed questions to determine the sociodemographic characteristics of the household, household composition, income, expenses, program participation, health insurance, health problems of children, school absenteeism, and reliance strategies families use when they have limited resources to purchase food.

After the questionnaire was professionally reviewed, CAHS carried out two pretests and a pilot study of the survey in a predominantly Hispanic neighborhood in New Haven, Connecticut. The questionnaire was found to have both internal and theoretical validity. Based on the success of this pilot, and the response of the academic community, we know we have developed the most reliable measure of hunger to date. An indication of its validity is the incorporation of a number of its questions into the National Health and Nutrition Examination survey, conducted by the National Center for Health, Statistics of the Department of Health and Human Services. In fact, CCHIP turns out to be the first attempt to directly apply scientific methods to measure the social problem of food insecurity or food shortages due to limited purchasing power in the United States.

National Dissemination of CCHIP

FRAC is coordinating the national dissemination of the CCHIP survey, and is working in collaboration with local groups to carry out CCHIP surveys in nine sites nationwide. Survey results have been released in Washington state and Minnesota, and the survey is currently in progress in Alabama, California, Connecticut, Florida, Massachusetts, Michigan and New York. The results from all nine sites will be released in a final national report in the fall of this year, but as soon as results are available at each site, they will be released locally. (A more detailed description of the CCHIP sites and the groups carrying out the surveys in each of these states is attached to the testimony.)

FRAC's ultimate goal is to expand the use of the CCHIP survey beyond these nine sites so that communities all over the country can both provide current data on the hunger problem to service providers and policy-makers at the local, state, and national level, and build their capacity to collect information on various local problems in a scientific manner.

Findings of CCHIP surveys in Connecticut, Washington state and Minnesota

I would now like to discuss with you some of the findings from the CCHIP surveys we have completed so far -- in New Haven; three locations in Washington state; and Hennepin County, Minnesota, in which Minneapolis is located. We surveyed representative samples of families in these three areas whose incomes were at 185 percent of the poverty level or less and who had at least one child under 12 years old. In New Haven, we surveyed in a predominantly Hispanic neighborhood; in Washington state, we surveyed families in four census tracts in Seattle, one census tract in rural and urban central Washington (Yakima County and the town of Wapato) and a rural county in eastern Washington (Pend Oreille); and in Minnesota we surveyed families in Minneapolis and its suburbs within Hennepin County.

Based on the hunger scale I discussed earlier in my testimony, we found the following hunger prevalences in these sites:

Findings of the Community Childhood Hunger Identification

(Percent of Children Surveyed)

	Hungry	At Risk Of Hunger	Combined (Hungry and At Risk of Hunger)
New Haven	18%	47%	65%
Seattle, WA	42%	37%	79%
Yakima County, WA	39%	42%	81%
Pend Oreille, WA	21%	57%	78%
Hennepin County, MN	37%	43%	80%

- In New Haven, 18 percent of the families surveyed were hungry and 47 percent were at risk of hunger. Together, this means that 65 percent of the families surveyed were hungry or at risk of hunger.

- In Washington state, the rates of hunger among families surveyed ranged from 21 percent in Pend Oreille County to 42 percent in Seattle, and 37 to 57 percent were at risk of hunger in the three areas in the State. Together, close to 80 percent of the families surveyed in each of the three areas were hungry or at risk of hunger.

- In Hennepin County, Minnesota, the prevalence of hunger among families surveyed was 37 percent, and 43 percent were found to be at risk of hunger. Together, this comes to 80 percent of families surveyed being hungry or at risk of hunger.

If we assume that the rates of hunger and risk of hunger we have found so far among low-income families hold for low-income families nationwide, we estimate, conservatively, that two to five million low-income children in the United States are hungry at any given time. Moreover, a total of 8 to 9 million children are either hungry or at risk of hunger at any given time.

We found in the three areas we have surveyed that there was a relationship between hunger and the health status of children:

- Hungry children in New Haven suffered from almost twice as many specific health problems, such as ear infections, dizziness, colds, and unwanted weight loss, in the six months previous to the survey than did children from other households.

- Hungry children in Washington state suffered from two to two and a half times as many specific health problems in the previous six months than did non-hungry children.

* o Hungry children in Hennepin County suffered from three and a half times as many specific health problems during the previous six months than did children from non-hungry families in the same area.

In addition, in all three sites, children who had more of these health problems were more likely to be absent from school. While we cannot conclude directly from our results the impact of this increased absenteeism on school performance, we suspect that it has a negative effect.

We know from our survey results in all three sites that hungry families are relying on a number of strategies to obtain food or minimize food shortages. For example, in Hennepin County, a significantly higher percentage of hungry families, compared to non-hungry families, bought less expensive foods (98% vs. 75%), borrowed money for food (73% vs. 4%), got food from friends and relatives (61% vs. 16%), sent their children to eat at homes of friends and relatives (31% vs. 0%), got meals at soup kitchens (27% vs. 4%), and got food from food shelves (72% vs. 10%).

We also know that in all three areas, a higher percentage of the hungry households received food stamps than the non-hungry ones. In New Haven, 86% of the hungry received food stamps vs.

57% of the non-hungry. In Seattle, it was 78% vs. 36%; in Yakima County, 57% vs. 35%; in Pend Oreille County, 85% vs. 23%; and in Hennepin County, Minnesota, it was 72% vs. 33%. This probably indicates two things -- food stamps are reaching some of the neediest people, but, unfortunately, the Food Stamp Program is not providing sufficient benefits to protect many people from hunger.

In all three areas, high percentages of families could not feed themselves for an entire month on food stamps -- 93% in New Haven, a range of 78 to 87% in Washington state, and 92% in Minnesota. On average, the individuals surveyed reported that they could feed their families with the food stamps they received for 2.7 weeks. In addition, the lower the proportion of the maximum food stamp benefits the household received, the lower the number of weeks per month they reported being able to feed their families with food stamps. An average of 71.7 percent of the families surveyed added some money for food, and the higher a family's gross income, the more they added to food stamps for purchase of food. (The Food Stamp Program ordinarily assumes that recipients will use some cash to purchase food along with their food stamps.) However, even this amount of food stamps and cash was not sufficient, as evidenced by the high rates of hunger and risk of hunger among families surveyed. In fact, a more detailed analysis of the CCHIP data from Hennepin County shows that even if the value of food stamp benefits and the cash families were able to spend on food are combined, the total amount of money a household spent on food only reached, on the average, 78 percent of the estimated cost of purchasing the Thrifty Food Plan market basket (i.e., the maximum food stamp allotment.)

Many families surveyed by CCHIP turned to emergency food sites. In Washington state the range was 28 percent to 66 percent using food pantries, and in Hennepin County, 52 percent used food shelves. However, the number of meals families could make from the bag they received from the pantries was small -- a range of 1.9 to 4.5 meals among the three sites in Washington state and 3.5 meals in Hennepin County. In the Minnesota survey, 56 percent of those who used food shelves said they needed to use the food shelves more often than the food shelf rules allowed them to come for food. Families in Hennepin County who relied on emergency food programs were poor and hungry. The lower their current gross income, the more these households relied on friends and relatives or emergency food programs for food. Indeed, the greater the hunger score, the more households relied on these strategies to obtain food.

As part of our analysis of the data collected in the three areas, we looked at the relationship between poverty and hunger. In each area, households that experienced hunger were much poorer than those who did not report experiencing problems with hunger:

o In New Haven, the average income of hungry households, including the value of food stamps, was 76 percent of the poverty level.

- In Washington state, the average income of hungry households, including benefits from all major publicly-funded income supplemental programs, ranged from 60 to 76 percent of the poverty level.
- In Hennepin County, Minnesota, the average income of hungry households, including benefits from all major publicly-funded income supplemental programs, was 81 percent of the poverty level.

In addition, in all three CCHIP sites we found that the poorer a family was, the more likely they were to be hungry.

Finally, we have taken a closer look at shelter costs in Hennepin County as they relate to hunger. We have found that a significantly higher percentage of hungry families spent 30 percent or more of their incomes on shelter than non-hungry families (77% vs. 56%). In addition, 45 percent of hungry families spent over 50 percent of their gross income on shelter costs. The average shelter cost for hungry families in Hennepin County was 55% of their income. We also found that the higher monthly shelter costs were, the more likely families were to rely on emergency food programs.

Moreover, when we compared the monthly income and shelter costs of the poorest households (less than 75 percent of poverty) with those households between 131 and 185 percent of poverty, we discovered that, while the gross monthly income of the poorest households was only 37 percent of less poor households, their shelter costs were 67 percent. This suggests that housing costs are inelastic after a certain point and that the poorest households have little choice -- pay the going market rate or become homeless. It is not surprising then that the amount these households expend for food is highly associated with their monthly shelter costs.

We have obtained a wealth of information about the problem of hunger in our communities, just from these three surveys. I have only given you a thumbnail sketch of what we have learned, but I hope I have been able to provide you with some of the findings that will be most relevant to your work on the reauthorization of the Food Stamp Program this year. As we obtain data from other sites, we will be eager to share our findings with you.

Thank you for the opportunity to share the most recent findings of the Community Childhood Hunger Identification Project with you.

Testimony of Lynn Parker

I would like to discuss briefly the implications of the findings from the three CCHIP surveys released so far, in the context of the imminent reauthorization of the Food Stamp Program and the Temporary Emergency Food Assistance Program (TEFAP).

CCHIP tells us that, even based on a very careful and conservative measure of hunger, a significant number of households with children, whose incomes are at or below 185 percent of the poverty level, are hungry or at risk of hunger.

The results of the CCHIP surveys completed so far reveal that households experiencing hunger are much poorer than non-hungry households, and that, the poorer families are, the more likely they are to be hungry. These hungry families are struggling to cope with limited resources to purchase food -- buying less expensive foods, borrowing money for food, getting food from friends and relatives, sending their children to eat at homes of friends and relatives, getting meals at soup kitchens, and obtaining food from food pantries. CCHIP respondents also tell us that food pantries can only provide them with an amount of food that makes a limited number of meals.

We know, based on our survey findings, that a large percentage of hungry families are participating in the Food Stamp Program.

Most of these families cannot feed themselves for an entire month on food stamps, and find themselves running out of stamps between the second and third week. Although most add some money for food, it is clearly not enough -- they are hungry in spite of the fact that they participate in the Food Stamp Program. In fact, according to our CCHIP survey, the average family with children receiving food stamps in Hennepin County is spending, when cash and food stamp benefits are combined, significantly less than the cost of USDA's lowest cost food plan.

Finally, we have been able to calculate some of the consequences of hunger for the children in hungry families. In the three areas surveyed, hungry children suffered from two to three and a half times as many specific health problems during the previous six months than did children from non-hungry families. In addition, children who had more of these health problems were more likely to be absent from school.

These findings should be of great concern to us. It is the consensus of the scientific community that chronic hunger can lead to malnutrition. In fact, the Joint Task Force on Hunger and Malnutrition of the American Society for Clinical Nutrition and the American Institute of Nutrition has defined hunger as a "recurrent involuntary lack of access to food that may produce malnutrition over time." We know that the impact of malnutrition on children is substantial. Malnourished children lose or fail to gain weight. Over time, they become shorter than they should be for their age. However, these changes in growth take time to appear. A more immediate effect of malnutrition is increased susceptibility to infection. Also, malnutrition in early childhood may be associated with impaired cognitive development and learning. Finally, recent research on the impact of even short-term hunger on children demonstrates that it too can negatively affect their ability to learn.

What kinds of changes in the Food Stamp Program does this data suggest might be desirable? It is important to put the CCHIP data in the context of what we know about the Food Stamp Program. This Program is our nation's largest and first defense against hunger. It is the only kind of public assistance that the federal government offers to low-income people no matter what their age or health status. We know that food stamp recipients are poor. According to the U.S. Department of Agriculture's most recent analysis of the characteristics of food stamp households, nearly 94 percent of all households had a total gross income that was equal to or less than the poverty guidelines and 39 percent were below half the poverty line. The findings from CCHIP suggest that a large percentage of these people are likely to be hungry. The same USDA report states that 51 percent of all the people participating in the Food Stamp Program are children -- just the people whose health status and school attendance are negatively affected by the presence of hunger in the family, according to our findings. Finally, the vast majority of food stamp funding goes to low-income households with children. USDA reports that almost 83 percent of food stamp benefits go to these households.

Our data suggest that if we are serious about ending hunger among the poor, or at the very least reducing its prevalence in the United States, increasing food stamp benefits would be a very sound policy decision. The food stamp reauthorization bill introduced in the House of Representatives yesterday, the Mickey Leland Memorial Hunger Relief Act, does just that. We strongly support the provision in the bill which would raise the basic food stamp benefits in stages to 105 percent of the Thrifty Food Plan. Over the 13 year history of the use of the estimated cost of the Thrifty Food Plan market basket as a basis for food stamp benefits, the average estimated cost of the market basket has exceeded the estimated cost in the previous June by an average of 5.4 percent. The adjustment to 105 percent of the previous June's cost is needed to make it more likely that food stamp allotments will be sufficient to meet the estimated cost of the market basket most or all of the year. It must be remembered, however, that the Thrifty Food Plan as it is currently used to determine food stamp allotments is not a good gauge of how much money families need to purchase a nutritionally adequate diet. Therefore, while 105 percent will be an important improvement, it will not totally solve the adequacy problem.

Another problem highlighted by CCHIP is the relationship between high shelter costs and hunger among poor families. As Ms. Wehler pointed out in her testimony, our analysis of shelter costs in Hennepin County, Minnesota, revealed that a significantly higher percentage of hungry families spent 30 percent or more of their income on shelter than non-hungry households. The average shelter costs for hungry families was a large percentage of their income. In fact, almost half spent over 50 percent of their gross income on shelter costs. Another sign that these households were suffering from inadequate resources for food is that the higher their monthly shelter costs were, the more likely they were to rely on emergency food programs. It is clear from this data that low-income hungry households with children must spend a significantly higher proportion of their income on housing. Yet, these are the very families who are suffering from limited resources to purchase food.

The Mickey Leland Memorial Hunger Relief Act addresses this problem by phasing in the deduction of all shelter expenses that exceed 50 percent of income for households with children. Currently, families with children can deduct only up to $177 a month. This results in unrealistically low food stamp benefits for families with high shelter costs, the very families who need greater food stamp assistance to avoid the problem of hunger, according to CCHIP.

HUD and Census Bureau data show that 45 percent of all poor renters spend at least 70 percent of their incomes on shelter costs. Based on our findings from CCHIP surveys so far, it is probable that a large percentage of these low-income renters are households suffering from hunger. Lifting the cap on the shelter deduction could make a significant difference in food availability for many of them.

Indeed, we have done a special analysis concerning the potential impact the provisions I have discussed today would have on the families surveyed in Hennepin County. Together, the increase in the food stamp allotment from the 100.65 percent in effect at the time of the survey (1989) to 105 percent of the Thrifty Food Plan, and the removal of the cap on the shelter deduction, would increase household food resources for these families by an average of 10.6 percent, a substantial improvement in nutrition for these low-income households.

Although I have focused specifically on only two provisions in the bill, we believe that the entire bill is in keeping with what the findings of the CCHIP surveys suggest should be done -- that food stamp benefits should be increased so that low-income families are less likely to be hungry; and that the Food Stamp Program should be open and accessible to low-income households who can benefit from the increased food purchasing power that the Program provides. We believe the passage and enactment of this bill will make a significant impact on reducing the problem of hunger in the United States.

We also support the continuation and increased funding for the purchase of commodities in TEFAP included in the Mickey Leland Memorial Hunger Relief Act. Our data show that a large percentage of poor, hungry families turn to emergency food programs for assistance. Our data also show that even with the important increases in Food Stamp Program funding that this bill provides, food stamps will still not provide enough resources for many families to make it through the month.

I have attached to our testimony a statement of principles concerning Fighting Hunger in America and a list of 110 national organizations that have endorsed the statement. This statement summarizes the kinds of legislative changes that will be needed to continue to make a serious attempt to end the problem of hunger in America. FRAC believes that the Mickey Leland Memorial Hunger Relief Act is very much in keeping with the recommendations made in the Statement of Principles.

I would also like to comment briefly on several USDA proposals on food stamp reauthorization. We strongly support the Administration's proposals for open-ended authorizations and appropriations for the Food Stamp Program and an advance appropriation for fiscal year 1992. These provisions will put to an end the yearly uncertainty that food stamp participants and state and local programs have suffered in the past concerning possible benefit suspensions. However, we urge you to reject the Administration's proposal to reduce the benefits of applicants and recipients who do not work with the state agency in establishing paternity and collecting child support. This proposal is unnecessary, will stigmatize the Program in the eyes of the people who need food stamps most, and will reduce the opportunity for many low-income children to receive the food they need to grow up healthy and well-educated. For these reasons we believe that this proposal should be rejected in favor of an outreach and referral program to encourage voluntary cooperation.

We encourage you to examine during your deliberations legislative changes in the Food Stamp Program that will increase benefits appropriately and bring needy people into the Program. There is a growing concern among many in our nation about the large number of children being raised in poverty, in part because of what we now know about the relationship between poverty and hunger, and about hunger's impact on children's ability to learn. It is important to remember that a hungry child cannot learn and an undereducated adult cannot compete. Our investment in the Food Stamp Program now can truly be an important investment in our nation's future leaders. Thank you for the opportunity to speak before you today.

(Attachments follow:)

CHILDHOOD HUNGER IN THE UNITED STATES

"HUNGRY"

2 - 5 MILLION CHILDREN

"HUNGRY" OR "AT RISK OF HUNGER"

8 - 9 MILLION CHILDREN

Estimates based on the
Community Childhood Hunger Identification Project
of the
Food Research and Action Center.

FRAC
FOOD RESEARCH AND ACTION CENTER

January 22, 1990

THE COMMUNITY CHILDHOOD HUNGER IDENTIFICATION PROJECT

The Food Research and Action Center is engaged in a ground-breaking project to measure hunger among children in the United States – the Community Childhood Hunger Identification Project, or CCHIP.

Hunger Survey Developed For Use By Community Groups

CCHIP puts a tested, scientific survey tool, developed by eminent academics and community advocates, into the hands of community groups interested in documenting and combatting hunger in their localities.

These community groups have long sought a scientifically credible study like CCHIP that they could conduct themselves, to complement earlier widespread efforts that have documented the growth in demand for emergency food assistance nationwide. The CCHIP study has been designed so that its results cannot be dismissed as anecdotal or unscientific.

A Tested, Scientifically Valid Survey Tool

CCHIP was developed and tested by the Connecticut Association for Human Services (CAHS), a statewide non-profit research, advocacy and education organization in Hartford, Connecticut. The questionnaire was professionally reviewed by the project's Technical Advisory Committee, and then pretested by professional interviewers.

In CCHIP, interviewers from the community are hired to do a door-to-door hunger survey using the questionnaire in a predetermined random sample of low-income families with at least one child between one and 11 years old.

The questionnaire includes questions about:

- lack of resources to obtain food;
- food shortages in the household;
- changes in adult food intake;
- reliance on a limited number of foods;
- changes in children's food intake;

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- reported hunger;
- sociodemographic characteristics of the household;
- program usage;
- shopping habits;
- resources available to obtain food; and
- coping strategies when food is difficult to obtain.

CCHIP Survey Disseminated Nationwide

The Food Research and Action Center (FRAC) is disseminating the CCHIP survey nationwide, along with a "field manual" for groups carrying out the survey, which contains information on planning the survey, developing the survey sample, how to train interviewers, and collecting and analyzing the data.

FRAC is currently providing intensive technical assistance to seven local groups carrying out the survey. A national report on their findings will be released in late 1990. The questionnaire and field manual will be made available to other groups wishing to conduct the survey.

Technical assistance to sites on developing a survey sample, collecting valid information, and analyzing the survey data is guided on the national level by a Technical Advisory Committee made up of survey research and child health experts and complemented on the local level by the assistance of interested university professors and public health departments. The project is directed on the national level by Cheryl A. Wehler, former Project Director of the Massachusetts Nutrition Survey for the Massachusetts Department of Public Health.

The overall cost of the national replication and dissemination of CCHIP is $437,000. Three-quarters of the total funds needed have been contributed by:

Burlington Northern Foundation
Ford Foundation
The Pillsbury Company
Primerica Foundation
Sara Lee Foundation

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FOOD RESEARCH AND ACTION CENTER

January 22,1990

QUESTIONS AND ANSWERS ABOUT THE COMMUNITY CHILDHOOD HUNGER IDENTIFICATION PROJECT (CCHIP)

How is hunger defined for the purposes of CCHIP?

Hunger is defined as the mental and physical condition that comes from not eating enough food because of insufficient economic, family or community resources.

How is hunger measured by the CCHIP survey?

A "hunger scale" was constructed, using the answers to eight key questions of the 104 core questions in the survey. These questions are:

- Does your household ever run out of money to buy food to make a meal?
- Do you or members of your household ever eat less than you feel you should because there is not enough money for food?
- Do you or members of your household ever cut the size of meals or skip meals because there is not enough money for food?
- Do your children ever eat less than you feel they should because there is not enough money for food?
- Do you ever cut the size of your children's meals or do they ever skip meals because there is not enough money for food?
- Do your children ever say they are hungry because there is not enough food in the house?
- Do you ever rely on a limited number of foods to feed your children because you are running out of money to buy food for a meal?
- Do any of your children ever go to bed hungry because there is not enough money to buy food?

These questions were chosen because they get at the extent of sustained inadequate intake of food due to constrained resources. They are based on questions tested in previous surveys, but are more precise in language and have been carefully tested with low-income families.

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A score of 5 or more on the scale of 0 to 8 (i.e., 5 affirmative responses out of 8) indicates a severe food shortage problem. These are the "hungry" families. This is because a score of 5 or more:

- indicates that 5 or more different signs of hunger are present in the household; and
- indicates that at least one of these signs of hunger directly affects the children in the household.

In addition, survey results have demonstrated that a score of 5 or more is associated with other negative outcomes such as increased specific health problems in the children sampled. Thus the hunger scale is both a reasonable and conservative measure of hunger because it represents a food shortage of serious magnitude, occurring over a lengthy period of time and occurring repeatedly.

A score of 1 to 4 indicates that the family is at risk of a hunger problem, because they show at least one indicator of a food shortage.

The National Center for Health Statistics at the Department of Health and Human Services is using versions of these questions in its next national survey of nutritional status – NHANES (National Health and Nutrition Examination Survey) – because their researchers view these questions as a legitimate way to measure hunger.

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January 22, 1990

COMMUNITY CHILDHOOD HUNGER IDENTIFICATION PROJECT TECHNICAL ADVISORY COMMITTEE MEMBERS (TAC)

- Dr. Victor Sidel, Chairman of the TAC, is Distinguished University Professor of Social Medicine at Montefiore Medical Center and the Albert Einstein College of Medicine in the Bronx, New York. He is the Past President of the American Public Health Association and the Recipient of its 1987 Award for Excellence.

- Dr. Jennifer Anderson is an Associate Research Professor and Statistician of Medicine in the Arthritis Center of the Boston University School of Medicine.

- Dr. Janice Dodds is an Associate Professor of Nutrition at the School of Public Health of the University of North Carolina, Chapel Hill.

- G. Ted Fairchild, R.D., M.P.H., is the Director of the Utah WIC Program and the Project Director of the Utah Nutrition Monitoring Project; has conducted a study of hunger in low-income households.

- Amy Fine is a Maternal and Child Health Consultant and has recently held positions at the Center on Budget and Policy Priorities and the Institute of Medicine at the National Academy of Sciences.

- Dr. Lorraine Klerman is a Professor of Public Health at the Yale University School of Medicine, Department of Epidemiology and Public Health.

- Dr. Milton Kotelchuck is Chair of the Maternal and Child Health Department at the School of Public Health of the University of North Carolina at Chapel Hill.

- Kathy Porter is the Research Director for Center on Budget and Policy Priorities, a non-profit research and analysis organization located in Washington, D.C.

- Dr. Richard Scott is an Associate Professor of Sociology and Assistant Director of the Honors College at the University of Central Arkansas.

- Dr. Cynthia Thomas is Assistant Professor of Epidemiology and Social Medicine at the Albert Einstein School of Medicine and Senior Researcher at Montefiore Medical Center.

- Helen Ward is Director of Research and Analysis at the Connecticut Association for Human Services, a state-wide non-profit research, analysis and public education organization.

(202) 393-5060

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January 22, 1990

CCHIP SITES AND CONTACTS

New CCHIP Sites

Florida

Study site: Polk County (rural)

Contact:
Debra Susie
Network Organizer
Florida Impact
106 West Jefferson Street
Tallahassee, FL 32301
(904) 222-3470

Connecticut

Study site: Hartford

Contact:
Grace Damio
Coordinator, Maternal and Child Health Unit
Hispanic Health Council
96 Cedar Street
Hartford, CT 06106
(203) 527-0856

California

Study site: Central California (rural counties)

Contact:
Marion Standish
Executive Director
California Rural Legal Assistance Foundation
Food Law Center
2111 Mission Street, Suite 401
San Francisco, CA 94110
(415) 863-3520

Michigan

Study site: Pontiac

Contact:
Shirley Powell
Executive Director
Hunger Action Coalition
23 East Adams
Detroit, MI 48226
(313) 832-4412

Alabama

Study site: Sumter County (rural)

Contact:
Carol Gundlach
Executive Director
Alabama Coalition Against Hunger
P.O. Box 409
Auburn, AL 36830
(205) 821-8336

New York

Study site: Two towns on Long Island; selected neighborhoods in Queens

Contact:
Tricia MacEnroe
Executive Director
Nutrition Consortium of N.Y. State
235 Lark Street
Albany, NY 12210
(518) 436-8757

Colorado

Study site: Colorado Springs

Contact:
Jean East
Associate Director
Catholic Community Services
200 Josephine Street
Denver, CO 80206
(303) 388-4435

Massachusetts

Study site: Selected Sites Statewide

Contact:
Annette Rubin Casas
Project Bread
11 Beacon St., Room 400
Boston, MA 02108
(617) 723-5000

COMPLETED CCHIP SITES

Minnesota

Study site:	Hennepin County (includes Minneapolis)
Contact:	Ann Hamre Program Officer Minnesota Food Education and Resource Center, a program of the Urban Coalition 708 South Third Street, Suite #300 Minneapolis, MN 55415 (612) 348-4968

Washington

Study site:	Seattle, Pend Oreille County (rural) and Yakima County (rural and urban)
Contact:	Linda Stone Governor's Task Force on Hunger East 525 Mission Spokane, WA 99202-1824 (509) 484-6733

Connecticut

Study Site:	New Haven
Contact:	Matthew Melmed Executive Director Connecticut Association for Human Services 880 Asylum Avenue Hartford, CT 06105 (203) 522-7762

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January 22, 1990

COMMUNITY CHILDHOOD HUNGER IDENTIFICATION PROJECT

Minnesota

Hennepin County, Minnesota, which includes the city of Minneapolis, is the second of eight sites to complete a CCHIP survey as part of FRAC's nationwide replication of the CCHIP survey.

Conducted by: Minnesota Food Education and Resource Center, a program of the Urban Coalition of Minneapolis.

Survey location: 257 low-income families (incomes at 185 percent of the poverty level or less) with at least one child under 12 were interviewed in Minneapolis and its suburbs within Hennepin County.

Major findings:

- Hunger is a major problem among low-income families with children less than twelve years old in Hennepin County.
- According to the CCHIP hunger scale, the prevalence of hunger among the low-income families surveyed is 36.6 percent.
- Of the low-income families surveyed, an additional 43.1 percent are at risk of developing a hunger problem. Taken together, this means that 79.7 percent of these families reported having experienced at least one problem with food availability due to constrained resources.
- Hungry children in Hennepin County were three and a half times as likely to suffer from specific health problems (such as unwanted weight loss, fatigue, headaches, irritability, inability to concentrate and frequent colds) in the last six months than were children from non-hungry families.
- Households in Hennepin County that experienced hunger were much poorer than those which did not report experiencing many problems with hunger. The average monthly gross income of hungry families was 81 percent of the poverty level. Additionally, a significantly higher percentage of hungry households had incomes that were at or below 100 percent of poverty level (79 percent) than did non hungry households (51 percent).
- A significantly higher percentage of hungry families spent more than 30 percent their income on shelter than non-hungry families (77 percent vs. 56 percent). The average shelter cost for hungry families was 55 percent of their income.

- Based on a conservative measure, nearly three in ten of those who were income-eligible at the time of the survey were not receiving food stamps at that time. For those who had not applied for food stamps, the most common reason given for not applying was that they did not think they were eligible.

- About 32 percent of those apparently eligible for the Special Supplemental Food Program for Women, Infants and Children (WIC) based on pregnancy, age of children and income were receiving WIC benefits.

- While 88 percent of the families with school age children participated in the National School Lunch Program, only 42 percent participated in the School Breakfast Program.

- An overwhelming majority (85 percent) of those surveyed said they had not heard of the Summer Food Service Program for Children. Of those who had, 54 percent participated. The most common reason given for not participating in the program was that the program was too far away or they had difficulty getting to it.

- Slightly over half of those surveyed had used a food shelf (emergency food center) in the past 12 months. Hungry families were seven times more likely than non-hungry families to use food shelves (76 percent vs. 10 percent).

- The average number of meals people said that they could make with food from a food shelf was 3.5. Over half (54 percent) reported that they needed to use the food shelf more often than the rules allowed.

- In Hennepin County, 68 percent of the families surveyed reported that they had too little money to buy food, and 61 percent said that they ran out of money to buy food.

- Parents in 32 percent of the households reported that their children ate less than they should and 30 percent reported that they had to cut the size of their children's meals, or children had to skip meals.

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October 17, 1988

COMMUNITY CHILDHOOD HUNGER IDENTIFICATION PROJECT

(CCHIP)

WASHINGTON STATE

Washington state is the first of eight sites to complete a CCHIP survey as part of FRAC's nationwide replication of the CCHIP survey.

Conducted by: Governor's Task Force on Hunger, created by executive order in 1986 "to work in partnership with the private sector...to better document the extent and nature of hunger in the state and identify the underlying causes of hunger and malnutrition in order to be able to clearly articulate the need for food and resources to help those in need."

Survey locations: 789 low-income families with at least one child under the age of 12 were interviewed in three sites chosen to characterize different types of poverty in the state. Four census tracts in Seattle, one census tract in rural and urban central Washington (Yakima County and the town of Wapato) and a rural county in eastern Washington (Pend Oreille) were survey sites.

Major Findings:

- Hunger is a major problem among low-income families with children less than twelve years old in the areas surveyed in the state of Washington.

- According to the CCHIP hunger scale, the prevalence of hunger among the low-income families surveyed is 42.2 percent in Seattle, 39.3 percent in Yakima/Wapato and 20.8 percent in Pend Oreille County.

- Of the low-income families surveyed, an additional 37.4 percent in Seattle, 41.9 percent in Yakima/Wapato and 57.4 percent in Pend Oreille are at risk of developing a hunger problem. Taken together, this means that 79.7 percent (Seattle), 81.2 percent (Yakima/Wapato) and 78.2 percent (Pend Oreille) of the low-income families surveyed reported having experienced at least one problem with food availability due to constrained resources.

- The average monthly income of hungry families, including benefits from all major publicly-funded income supplemental programs, was around $653/month for Seattle families,

$645/month for Yakima families and $787 for families in Pend Oreille; which represents 68 percent, 60 percent and 76 percent of the federal poverty level, respectively.

- Hungry children were more likely to have a variety of health problems than were children whose families did not suffer from food shortages.
- Hungry children in Seattle and Yakima were two times more likely, and those in Pend Oreille were two and a half times more likely, to suffer from specific health problems in the last six months than were children from the non-hungry families surveyed.
- Children in hungry families in all sites were significantly more likely to have experienced unwanted weight loss, fatigue, headaches, inability to concentrate, and irritability than non-hungry children, over the six months prior to the survey.
- In Seattle the more episodes of hunger a family experienced, the more likely their child was to be absent from school due to illness. In Pend Oreille County children from hungry families were, on average, absent from school due to illness more than twice as many days as children from the non-hungry families surveyed.
- In Seattle (80%), Yakima (71%) and Pend Oreille (61%), a large percentage of families reported that they had too little money to buy food, and 61%, 71%, and 61%, respectively, reported that they ran out of money to buy food.
- In Seattle, 42 percent of the mothers reported that their children are eating less than they should because there is not enough money to buy food. In Yakima and Pend Oreille, the percentages are 41 percent and 17 percent, respectively.
- Parents must cut the size of their children's meals or their children must skip meals in 38 percent of the Seattle families surveyed, 31 percent of the Yakima families, and 15% of the Pend Oreille families, because there is not enough money for food.
- In Seattle, 66 percent of the families surveyed had used food banks, in Yakima, 49 percent and in Pend Oreille, 28 percent.
- Families that experienced hunger were much poorer than those who did not report experiencing any problems with hunger.

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October 17, 1988

COMMUNITY CHILDHOOD HUNGER IDENTIFICATION PROJECT

(CCHIP)

NEW HAVEN, CONNECTICUT

Conducted in 1986 by: Connecticut Association for Human Services, a non-profit research, advocacy and education organization in Hartford, Connecticut.

Location of Survey: 403 low-income households, with at least one child under the age of twelve, in the Hill section of New Haven, Connecticut.

Major Findings

- 18 percent of families with children between the ages of one and eleven in the Hill section of New Haven were hungry and 47 percent were at risk of being hungry.
- Therefore, in total, 65 percent of the households were either hungry or at risk of being hungry, having experienced at least one indicator of a hunger problem.
- Hungry children suffered from almost twice as many specific health problems, such as ear infections, dizziness, colds and unwanted weight loss in the 6 months previous to the survey, than children from other households.
- More health problems among children were strongly associated with more absenteeism from school.
- 93 percent of hungry families reported that Food Stamp benefits did not last all month. In fact, on average, they reported that these benefits lasted only 2.4 weeks. Yet only about 13 percent of these households were able to add money to Food Stamps to make up for the shortfall.
- 44 percent of the children from families with insufficient food supplies ate nothing for lunch. (The survey was conducted during the summer, when school lunches are not available. This illustrates the crucial role the National School Lunch Program plays in the diets of low-income children.)
- Hungry households were poorer than non-hungry households in

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the study. Poorer families participated in a greater number of public assistance programs. Yet, the income from public assistance programs was not enough to bring the total income of the hungry group up to that of the non-hungry group.

New Haven's Response to Hunger Survey Findings

- The School Breakfast Program was instituted in all of the city's elementary schools.
- The city added local funds to the federal funding for the School Breakfast Program. The state provided additional funds for the Breakfast Program over and above what had already been appropriated in the previous fiscal year by the state legislature.
- Private donations and state funding for food pantries in New Haven and in the state increased dramatically.
- Aggressive outreach was conducted by private non-profit groups to let people know where to go for emergency food assistance in the city.
- The Mayor's Task Force on Hunger, set up in response to the CCHIP survey, conducted three hunger surveys in other low-income neighborhoods in New Haven using a modified version of the CCHIP questionnaire, and reported equally disturbing findings about the extent of hunger in the city.

A Statement of Principles:

FIGHTING HUNGER IN AMERICA

Hunger haunts America. Millions of people across our land are regularly without enough food to sustain them. In recent years, more Americans have been standing in soup lines than at any time since the Great Depression. No region of our country has escaped this tragedy. It cuts across ideological and political lines, afflicting young and old, people of all races, and members of rural, urban, and suburban communities. Hunger reduces children's ability to learn, decreases productive energy, and threatens the competitiveness of America's workforce now and in the decades to come. Hunger in this land of plenty is morally unacceptable.

Hunger in America is both a national shame and a national challenge. Food security, the assured ability to obtain adequate food and nutrition through the same channels of distribution used by other Americans, should be the right of all Americans. The undersigned organizations believe that the Nation must address itself without delay to the fundamental goal that no child or adult in America should go hungry for lack of resources to obtain food. Although this problem requires sustained attention over a period of years and through many approaches, the Food Stamp Program has been shown to be our best and most consistent line of defense against hunger for children, the elderly, the disabled, and others among the neediest people in the United States. We therefore urge that the Food Stamp Program be strengthened in 1990 in the following ways:

1. **The Food Stamp Program should provide benefits adequate to ensure that families have enough to eat through the entire month.** The basic benefit level should be increased to reflect the current cost of obtaining a nutritionally adequate diet. The purchasing power of the minimum benefit, which is received by 30 percent of elderly participants, should not be allowed to decline further due to future inflation.

2. **The Food Stamp Program should respond to the needs of low-income families facing hunger by recognizing that rapidly rising shelter costs are depleting their family budgets.** Poor people should not be forced to choose between heating and eating. Forty-five percent of poor renters pay at least 70 percent of their household incomes for shelter alone. Money that is spent on housing should not be presumed to be available for food. Low-income people should not lose benefits because they double up in housing with relatives.

3. **The Food Stamp Program should encourage low-income people's efforts to achieve self-sufficiency.** It should not deny aid to otherwise eligible families because they have cars they are using to get to work, to look for employment, or to obtain medical care or other essential services. It should provide positive incentives for custodial parents to seek, and for absent parents to pay, child support. It should encourage low-income students to stay in school to improve their employability.

4. **The Food Stamp Program should work harmoniously with other programs to assist families at risk of hunger.** Efforts should be made to reduce program complexity and to coordinate the administration of the AFDC and Food Stamp Programs in ways that do not reduce the rights or benefits of families depending on the programs. "Quality control" and similar administrative systems should be designed to aid accountability without providing incentives to delay or deny benefits to eligible people and without removing essential resources from state and local human services budgets. The Food Stamp Program should be administered in a way that is sensitive to the needs of low-income people, with attention to the special problems of the homeless and the rural poor. Barriers to participation in the Food Stamp Program should be reduced to the extent possible.

2-21-90

National Group Endorsers of

A Statement of Principles: Fighting Hunger in America

Amalgatmated Clothing and Textile Workers
American Academy of Pediatrics
American Association of Retired Persons
American Association of School Administrators
American Baptist Churches USA
American College of Nurse-Midwives
American Dietetic Association
American Federation of Government Employees
American Federation of State, County & Municipal Employees
American Federation of Teachers
American Home Economic Association
American Jewish Committee
American Medical Student Association
American Public Health Association
American Public Welfare Association
American School Food Service Association
Americans for Democratic Action
Association for Public Justice
Association for Retarded Citizens of the United States
Association of Community Organizations for Reform Now
Bread for the World
Catholic Charities USA
Center for Science in the Public Interest
Center on Budget and Policy Priorities
Center for Law and Social Policy
Child Welfare League of America
Children's Defense Fund
Church of the Brethren
Church Women United
Church World Service/Disaster Response Office
Citizen Action
Coalition on Human Needs
Columban Fathers Justice and Peace Office
Commission on Religion in Apalachia
Communication Workers of America
Concerned Nutritionists for Better Child Care
Consumer Federation of America
Consumers Union
Episcopal Church, Washington Office
Evangelical Lutheran Church in America, Lutheran Office for Government Affairs
Families United For Senior Action
Federation of Southern Cooperatives/Land Assistance Fund
Food Research and Action Center
Friends Committee on National Legislation

Friends of VISTA
Full Employment Action Council
Gray Panthers Project Fund
Industrial Union Department, AFL-CIO
Interfaith Action for Economic Justice
International Union of Electrical Workers
Jesuit Social Ministries, National Office
League of Women Voters of the United States
Mennonite Central Committee, Washington Office
National Alliance to End Homelessness
National Anti-Hunger Coalition
National Assembly of Religious Women
National Association for Retarded Children
National Association of Community Action Agencies
National Association of Community Health Centers
National Association of Counties
National Association of Elementary School Principals
National Association of Homes for Children
National Association of Social Workers
National Association of State Agencies for Food Distribution
National Coalition for the Homeless
National Community Action Foundation
National Conference of State Legislators
National Consumers League
National Council of Catholic Women
National Council of Churches
National Council of Churches, Working Group on Domestic Hunger and Poverty
National Council of Jewish Women
National Council of La Raza
National Council of La Raza, National Farmworker Center
National Council of Senior Citizens
National Council on Aging
National Education Association
National Farmers Organization
National Farmers Union
National IMPACT
National Jobs With Peace Campaign
National Legal Aid and Defender Association
National Low Income Housing Coalition
National Milk Producers Federation
National Organization for Women
National PTA
National Puerto Rican Coalition
National Urban League
National Welfare Rights Union
National Women's Political Caucus
OMB Watch
Presbyterian Church USA - Washington Office
Public Voice for Food and Health Policy
Religious Action Center/Union of American Hebrew Congregations
Results
Save the Children
Service Employees International Union

U.S. Catholic Conference
U.S. Conference of Mayors
Unitarian Universalist Association - Washington Office
Unitarian Universalist Service Committee
United Auto Workers
United Church Board for Homeland Ministries
United Church of Christ, Office for Church In Society
United Food and Commercial Workers
United Methodist Church - Issue Development and Advocacy Division, General Board of Church and Society
United Methodist Church - Women's Division, General Board of Global Ministries
United Steelworkers of America
World Hunger Year
YWCA of the U.S.A.

TESTIMONY OF JOHN M. BOUMAN
REGARDING CHILD SUPPORT ENFORCEMENT
FOR FAMILIES RECEIVING FOOD STAMPS
FEBRUARY 28, 1990

My name is John M. Bouman. I am a supervisory attorney with the Legal Assistance Foundation of Chicago ("LAFC"), an agency that provides free legal assistance in civil matters to the poor in Chicago. I have worked for LAFC since 1975, and in that time I have represented thousands of applicants for and recipients of various public benefits, including food stamps, when they have encountered problems with their eligibility or level of assistance. Since 1985 I have been the head of LAFC's unit that specializes in public benefits issues.

My testimony concerns our experiences with the child support enforcement system in Illinois under Title IV-D of the Social Security Act ("IV-D"). Specifically, I will discuss what we have learned as a result of recently concluded litigation concerning IV-D "sanctioning", which is the term for the suspension or termination of cash and medical assistance to AFDC recipients found non-cooperative with IV-D's paternity and support enforcement efforts. (Title IV-A of the Social Security Act provides for cash AFDC benefits. One of the eligibility requirements for AFDC is that the recipient must cooperate with the child support enforcement program, which is run separately under IV-D.) My conclusions are that sanctioning turns a program that is naturally attractive to recipients (it promises more money) into a program that is dangerous to them (it is capable of resulting in financial disaster); sanctioning focuses the agressiveness of the state agency on the recipient rather than on the absent parent and often results in unnecessary humiliation of recipients; sanctioning has wrought great tragedy upon the intended beneficiaries of child support enforcement -- the children (it does the children little good to know that their family's huge cut in income was technically just their mother's portion of the assistance grant); and sanctioning has had no beneficial relationship at all to the rate of actual child support collections. Expansion of child support enforcement sanctioning to recipients of food stamps would serve no useful purpose; to the contrary, it would make it that much harder and less desirable for eligible families to participate in either the food stamps or the child support enforcement programs.

FEATURES OF A SANCTIONING SYSTEM

The recently concluded case of Doston v. Duffy (No. 85 C 2356) was tried in the United States District Court for the Northern District of Illinois in Chicago. The case was brought as a statewide class action in 1985 in response to a growing wave of clients seeking representation by LAFC because their AFDC benefits had been drastically reduced for alleged non-cooperation with the IV-D child support enforcement program. A large amount of information was gathered during the case, and the parties entered into almost 200 separate stipulations of fact. A trial was held, and the court found additional facts in its November 1988 decision. Unless otherwise indicated, all of the facts I will mention today come from the stipulated facts and the court's findings of fact. The following are some of the features of the sanctioning device in Illinois:

1. Caseworkers were empowered to find recipients non-cooperative based upon subjective decisions as to whether recipients were telling all they knew about the identity and whereabouts of the absent parent. The *Boston* record and decision contain many examples of sanctions imposed when the recipients knew a great deal about the absent parent, but the caseworkers felt they should have known more, or when the child was the result of an extremely short relationship, but the caseworker demanded such information as the father's social security number, place of work or his mother's name. Since child support enforcement sanctions last until the recipient cooperates, sanctions in these types of cases were tragically open-ended; they lasted until the recipient could produce more information, which was often never.

The inquiries in these cases often became very demanding and humiliating. Many recipients were sent out on missions to interrogate persons who might know the absent parent or to hang around in the father's neighborhood, including very dangerous housing projects, or the neighborhood where they had met. Caseworkers empowered to disbelieve recipients could not avoid imposing their own ideas about social relations upon the situation (to paraphrase much of the evidence and testimony: "How could anyone sleep with a man they hardly knew and then bear the child; you are either a shameful person or you are not telling me the truth, probably both").

2. The child support enforcement process consists of a succession of notices and in-person meetings. There is a meeting with IV-D staff to impart information about the absent parent, a meeting with the attorney who will handle the case, court dates, and any follow-ups to any of these meetings. This means that to comply with the program the recipient must receive the notice of the meeting, understand it, arrange child care and transportation, and be in the right place at the right time. Poor people frequently encounter obstacles to all of these actions. Mail delivery is notoriously unreliable in many poor neighborhoods, especially housing projects; the recipient's reading comprehension skills are often not sufficient; notices are sometimes sloppy and unreadable; illness and emergencies occur with regularity; and transportation often breaks down. Moreover, there are substantial difficulties that all people have with finding their way through a crowded courthouse and a confusing high-volume courtroom to be front and center when their name is called. It is essential to a realistic cooperation policy to allow for excused absences from meetings. In *Boston* this was known as a "valid reasons" for non-cooperation policy.

There were several years in Illinois when there was no valid reasons policy at all. Women were sanctioned for missing meetings when they were in the hospital, when sick babies were rushed to the doctor, and when transportation broke down. Sanctions were imposed on recipients who sat through an entire day in a courtroom but did not hear the case called, or who were directed to the wrong room or incorrectly sent home by courthouse personnel.

When Illinois adopted a valid reasons policy, none of the notices explained it or advised recipients that it existed. The Cook County State's Attorney's office, which handles all of the paternity cases, was not instructed to use the valid reasons policy when recipients failed to appear in court.

HHS has provided little, if any, guidance to states on valid reasons policy. Illinois did not violate any HHS directive by failing to have a valid reasons policy or by failing to inform recipients of the policy when it existed. This type of carelessness in sanctioning could be happening anywhere.

3. Sanctioning caused the Illinois IV-D program to focus not on adjudicating paternity and obtaining support, but upon obtaining "cooperation" from recipients. There were several documented instances of recipients who were sanctioned for failing to provide sufficient information about the absent parent, even though the agency actually located the parent based upon the information the recipient provided. It was the policy to sanction recipients for not appearing in court even if the defendant parent was not in court either, or if the case was continued on the motion of the defendant, or if a child support order was actually in effect. Testimony of IV-D personnel revealed that the policy was to sanction for every instance of non-cooperation, regardless of whether it had any effect on the

outcome of the IV-D process.

4. There were substantial delays in curing a sanction. As noted above, sanctions for providing insufficient information were often never-ending. In Cook County, sanctions imposed for missing a court date would often last up to eleven months, with the average being four to six months, simply as a result of a crowded court system that could not offer an earlier continuance. If a case was dismissed as a result of the recipient's non-attendance in court, the delay would be much longer due to the additional tasks and delays associated with filing a new case. If the dismissal was "with prejudice" (meaning without the right to re-file a new case), the sanction would be never-ending.

Sanctions imposed for missing a meeting with IV-D staff would end when the recipient attended a meeting. At best, it would take three weeks to reschedule a meeting, because the recipient had to make the request through her regular AFDC caseworker (the "IV-A" worker), who would forward it to IV-D. When the recipient was finally scheduled for a meeting and attended it, reinstatement of benefits had to wait for the IV-D worker to transmit the news of the recipient's cooperation to the regular caseworker, and then for the regular caseworker to take the necessary steps. This cumbersome system was and is rife with delays. Sanctions in the most routine cases often go on for weeks and months.

5. The notices used to advise recipients of sanctions were confusing, misleading and incomplete. Recipients were not

properly informed of what was happening to their assistance, what they could do to stop it, how they could have a hearing, and what deadlines were involved. They were not told how to cure a sanction. As noted above, they were not informed of the valid reasons policy.

INHERENT SANCTIONING PROBLEMS

The evidence in *Doston* revealed several inherent problems with sanctioning systems. Based upon expert testimony, the court found that there are inherent biases among social services workers who are middle class that yield negative judgments about clients from lower economic classes. Even among social work practitioners with advanced degrees and strong training in objectivity, the tendency to make negatively biased judgments about clients from lower economic classes was quite strong and was fed by lack of knowledge and understanding about lower class life styles and values. These problems inevitably are more pronounced among public assistance caseworkers, few of whom have advanced training, especially in dealing with the values charged area of social and sexual relations. A sanctioning system necessarily calls for subjective judgments: about the information provided about the absent parent, about whether an excuse for missing a meeting is true, about whether it is not in the best interests of the child or the woman for them to cooperate in pursuing a support order, about whether the recipient testified properly in court. The tendency to judge, to humiliate, and ultimately to sanction cannot be factored out or regulated away.

A second set of facts that emerged through expert testimony in Doston concerned the fact that a great percentage of the poor minority male population is highly transient, rarely establishing a particular residence. For instance, one incident from the research on this issue was that ten men were found living in a car wash. There are a number of explanations for this phenomenon, but the point for purposes here is that the phenomenon exists. This means that when a poor female states that she did not know the residence of the father of her child at the time of their relationship, and that she does not know it now, she is much more likely to be telling the truth than a middle class caseworker would be likely to know or assume. Not only is it possible that the father never told the woman his address, but it is quite possible that he simply did not have one. This fact also means that child support enforcement efforts will run into some difficult problems unrelated to the cooperation of the recipient that require the focusing of resources on special parent location services.

An additional fact that is an inherent problem with sanctioning was not specifically adjudicated in Doston, but permeated the case because it is simply a part of the poverty landscape. That is the fact that a great proportion of the fathers of the children receiving AFDC are themselves poor. Child support payments from many of these men are impossible. Expending resources on a sanctioning program rather than on location and litigation and program administration in cases where the father does have the ability to pay is a great waste and causes unnecessary suffering.

THE MAGNITUDE OF THE PROBLEM

There are two contexts in which the problems caused by sanctioning should be understood: that of the individual family, and that of the IV-D program as a whole.

The facts in *Doston* showed that when a mother and one child were sanctioned, the family's assistance dropped from $250 to $95 per month. For a mother and two children, the drop was from $342 to $187; for a mother and three children, from $386 to $232, and so on. These drops in assistance were automatic; that is, they were based upon standard amounts for certain sized families. For instance, in the first example, the standard payment for a family consisting of one adult and one child was $250, while the standard payment for a family of no adult and one child was $95. (These amounts are now a few dollars higher due to a 1990 general increase in Illinois AFDC payment amounts.) These figures show the financial ruin wrought by sanctioning. It is difficult, if not impossible, to subsist upon the full grant amount. A sanction makes it impossible. An informal survey of family homeless shelters in Chicago in the winter of 1987-88 revealed that about 35% of the women and children in the shelters were there because of financial difficulties brought about by IV-D sanctions. It is a meaningless technicality that the sanction is imposed against the mother's share of the grant and not against the children's. The stark reality is that the children suffer as surely as the mother, and the losses suffered are more grievous (including interrupted schooling and impaired ability to concentrate and learn as two of the less obvious tolls).

The magnitude of sanctioning as a feature of the IV-D program is demonstrated by data we have received since Doston was resolved. After the judge ruled, the parties settled the case. Two provisions of the settlement were that all current sanctions should end, and that all persons sanctioned since 1980 and identifiable as such should receive a notice about certain available relief. Over 7,000 current cases were eligible for reinstatement under the first of these two provisions. This represents the number of cases under sanction at that time, and thus it represents the rough number of cases under sanction at any given time. Under the second provision, over 56,000 notices were sent to class members. This provides us with a sense of how many cases were sanctioned during the 80's in Illinois. The average case includes the mother and two children. Neither of these figures tells how long the sanctions lasted, or how many of them never ended. The clear message is that sanctioning is not simply a largely symbolic tool, used to discipline the occasional incorrigible recipient. Sanctioning was one of the major features of IV-D in Illinois in the 80's.

This should not be understood as only an Illinois problem. As far as we are aware, HHS found no fault with the Illinois sanctioning system and record at any time in the 80's. Thus, the primary federal administrator of the program felt that Illinois was not out of line.

IMPACT ON SUPPORT COLLECTIONS

Support must be collected in a court process, beginning with a paternity adjudication when the child is born out of wedlock. As indicated above, the court system in Cook County is substantially overloaded. In Doston it was stipulated that at any given time there are several thousand child support and paternity cases pending in the State's Attorney's office that have not even been filed in court. There are backlogs in the court system of nine months to a year, and the court will not accept new filings once its docket is filled for an entire year. Against this background, it is difficult to see how sanctioning can have any effect at all on the rate of child support recoveries. Whether or not a mother is sanctioned for missing a meeting with a IV-D worker, her case is no closer to court.

Similarly, the State Parental Locator Service, which is responsible to use the information provided by recipients to track down absent parents, has 50,000-60,000 cases and eight staff. Again, it is difficult to see how sanctioning will do anything to locate any of these parents.

Finally, during the period that Illinois was engaged in this agressive sanctioning program under IV-D, its performance in actually collecting child support payments was lackluster. The staff of the House Ways and Means Committee prepared a report in 1988, assessing the performance of the states during 1987 in five areas: Paternity Establishment Rate; Child Support Collection

Rates; Cost-Effectiveness; Interstate Collections; and Reducing AFDC Costs. Illinois ranked 35th of the 50 states and four territories studied. The performance in Reducing AFDC Costs was "particularly low". Child Support Enforcement: A Report Card, Prepared by the Staff of the House Committee on Ways and Means (October 11, 1988). Statistics compiled by the Children's Defense Fund show that in 1987 a child support payment was made in only 7.4% of Illinois' IV-D cases, which was the 43rd best rate in the country. A Vision for America's Future, Children's Defense Fund, at p. 132 (1989). Clearly, an agressive sanctioning program had no productive effect on the collection of child support. Indeed, it is quite possible that the sanctioning program had the opposite effect by consuming resources that could have been better used to improve the support collection system.

These facts all support the conclusion that what IV-D needs is not sanctions, but resources. Resources are needed in the court system, the parent locator system, and the IV-D agency's collections and accounting departments. Another Illinois class action, Agee v. Duffy, has revealed massive mismanagement of the accounting of the child support collected on behalf of ex-AFDC recipients (there are several other such cases around the country). One of the largest problems is the lack of resources to properly tackle this complicated accounting task. This resource problem afflicts the IV-D program's ability to handle properly child support collections and disbursements for the precise population as to which the proposed amendment would divert resources into a sanctioning program.

CONCLUSIONS

Congress should not adopt a sanctioning policy in the Food Stamp Program for non-cooperation in the child support enforcement process. It is extremely difficult to understand the logic of the proposed amendment once the character of a sanction-driven system is understood. Food stamps are greatly underutilized as it is. Conversely, child support enforcement services are not sufficient to meet effectively the current need. Adding a food stamps sanction for non-cooperation with child support enforcement will inevitably lead to fewer eligible people applying for food stamps. And it will have the effect of accomplishing two harmful results in child support enforcement: it will keep some recipients away from the program who could benefit from it, while it will burden the already overburdened IV-D system with many recipients who will not necessarily benefit from it.

In my experience, one of the main reasons that non-AFDC recipients who are eligible for food stamps do not apply for them is the difficulty of coping with the welfare system. To date, this difficulty has included such things as having to produce a wide range of documentation, the need to appear at the welfare office where long waits and rudeness are common, the failure of the welfare office to provide hours for working people (evenings or weekends), the general frustration and anger generated by seemingly unreasonable rules and agency or recipient errors, and the embarrassment of having to seek assistance in the first place. Mandating child support enforcement cooperation increases the number of meetings and other requirements exponentially. Add to this the requirement that the agency be allowed to pry into the most private aspects of a recipient's life in a judgmental and humiliating context, and a great many more eligible and needy people will stay away from the program.

Child support enforcement has a built-in incentive to cooperate. Child support payments will increase the income of the custodial parent and children. The motive to cooperate is stronger to the extent that the absent parent's income is higher. This means that in cases where the enforcement activity is most likely to do some good, it is most likely that the recipient will cooperate voluntarily.

We have seen that the IV-D program is in desperate need of resources, so that it can work properly for the persons it serves. It does not need to generate more clientele for an already swamped system. The best way to attract participants is not to threaten them, but to create a successful program that gets money for women and children in need and in cooperation with them (rather than in judgment over them). The proposed amendment should create new resources for the IV-D program so that it can rationally expand to reach out for and properly serve more participants. It should maximize the positive incentives for cooperation. It should not adopt sanctioning. Introducing sanctions will go far to defeat the purposes of both the Food

Stamp Program and the child support enforcement program by diverting resources from paternity and support functions to administration of sanctions, and by causing eligible people to avoid both programs.

Thank you for inviting me to testify today and for your consideration of these comments.

John Bouman

John M. Bouman
Legal Assistance Foundation
of Chicago
343 S. Dearborn St., Suite 700
Chicago, IL. 60604
(312) 341-1070

(Attachment follows:)

MEMORANDUM

TO: All G.O. Staff

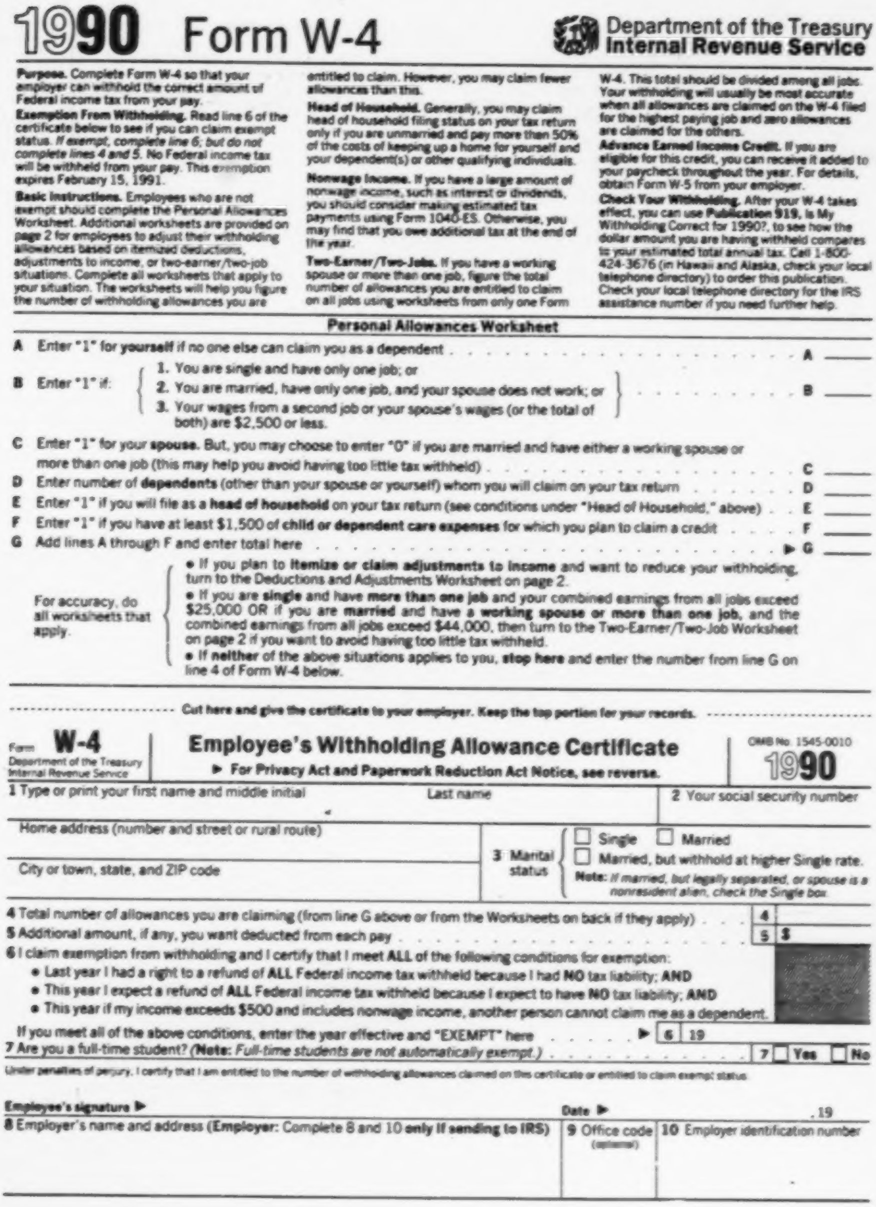
FROM: Bennye Clay

RE: Attached Tax Forms

DATE: March 13, 1990

LSC is requiring that all tax forms be placed in pesonnel files. The easiest way to do this is to have each employee fill out a new tax form. This will also give you a chance to update these forms.

Please return these forms to me no later than Friday, March 23, 2990.



1990 Form W-4

Department of the Treasury
Internal Revenue Service

Purpose. Complete Form W-4 so that your employer can withhold the correct amount of Federal income tax from your pay.

Exemption From Withholding. Read line 6 of the certificate below to see if you can claim exempt status. *If exempt, complete line 6; but do not complete lines 4 and 5.* No Federal income tax will be withheld from your pay. This exemption expires February 15, 1991.

Basic Instructions. Employees who are not exempt should complete the Personal Allowances Worksheet. Additional worksheets are provided on page 2 for employees to adjust their withholding allowances based on itemized deductions, adjustments to income, or two-earner/two-job situations. Complete all worksheets that apply to your situation. The worksheets will help you figure the number of withholding allowances you are entitled to claim. However, you may claim fewer allowances than this.

Head of Household. Generally, you may claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals.

Nonwage Income. If you have a large amount of nonwage income, such as interest or dividends, you should consider making estimated tax payments using Form 1040-ES. Otherwise, you may find that you owe additional tax at the end of the year.

Two-Earner/Two-Jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. This total should be divided among all jobs. Your withholding will usually be most accurate when all allowances are claimed on the W-4 filed for the highest paying job and zero allowances are claimed for the others.

Advance Earned Income Credit. If you are eligible for this credit, you can receive it added to your paycheck throughout the year. For details, obtain Form W-5 from your employer.

Check Your Withholding. After your W-4 takes effect, you can use **Publication 919,** Is My Withholding Correct for 1990?, to see how the dollar amount you are having withheld compares to your estimated total annual tax. Call 1-800-424-3676 (in Hawaii and Alaska, check your local telephone directory) to order this publication. Check your local telephone directory for the IRS assistance number *if* you need further help.

Personal Allowances Worksheet

A Enter "1" for **yourself** if no one else can claim you as a dependent . . . . A ______

B Enter "1" if:
1. You are single and have only one job; or
2. You are married, have only one job, and your spouse does not work; or
3. Your wages from a second job or your spouse's wages (or the total of both) are $2,500 or less.

. . . . B ______

C Enter "1" for your **spouse.** But, you may choose to enter "0" if you are married and have either a working spouse or more than one job (this may help you avoid having too little tax withheld) . . . . C ______

D Enter number of **dependents** (other than your spouse or yourself) whom you will claim on your tax return . . . . D ______

E Enter "1" if you will file as a **head of household** on your tax return (see conditions under "Head of Household," above) . . . E ______

F Enter "1" if you have at least $1,500 of **child or dependent care expenses** for which you plan to claim a credit . . . . . F ______

G Add lines A through F and enter total here . . . . ▶ G ______

For accuracy, do all worksheets that apply.

- If you plan to **itemize or claim adjustments to income** and want to reduce your withholding, turn to the Deductions and Adjustments Worksheet on page 2.
- If you are **single** and have **more than one job** and your combined earnings from all jobs exceed $25,000 OR if you are **married** and have a **working spouse or more than one job,** and the combined earnings from all jobs exceed $44,000, then turn to the Two-Earner/Two-Job Worksheet on page 2 if you want to avoid having too little tax withheld.
- If **neither** of the above situations applies to you, **stop here** and enter the number from line G on line 4 of Form W-4 below.

Cut here and give the certificate to your employer. Keep the top portion for your records.

Form **W-4**
Department of the Treasury
Internal Revenue Service

Employee's Withholding Allowance Certificate

▶ **For Privacy Act and Paperwork Reduction Act Notice, see reverse.**

OMB No. 1545-0010
1990

1 Type or print your first name and middle initial
Last name
2 Your social security number

Home address (number and street or rural route)

City or town, state, and ZIP code

3 Marital status ☐ Single ☐ Married
☐ Married, but withhold at higher Single rate.
Note: *If married, but legally separated, or spouse is a nonresident alien, check the Single box.*

4 Total number of allowances you are claiming (from line G above or from the Worksheets on back if they apply) . . . 4

5 Additional amount, if any, you want deducted from each pay . . . . 5 $

6 I claim exemption from withholding and I certify that I meet **ALL** of the following conditions for exemption:
- Last year I had a right to a refund of **ALL** Federal income tax withheld because I had **NO** tax liability; **AND**
- This year I expect a refund of **ALL** Federal income tax withheld because I expect to have **NO** tax liability; **AND**
- This year if my income exceeds $500 and includes nonwage income, another person cannot claim me as a dependent.

If you meet all of the above conditions, enter the year effective and "EXEMPT" here . . . . . . ▶ 6 19

7 Are you a full-time student? (**Note:** *Full-time students are not automatically exempt.*) . . . . 7 ☐ Yes ☐ No

Under penalties of perjury, I certify that I am entitled to the number of withholding allowances claimed on this certificate or entitled to claim exempt status.

Employee's signature ▶

Date ▶ , 19

8 Employer's name and address (**Employer:** Complete 8 and 10 **only if sending to IRS**)

9 Office code (optional)

10 Employer identification number

Deductions and Adjustments Worksheet

Note: *Use this worksheet only if you plan to itemize deductions or claim adjustments to income on your 1990 tax return.*

1 Enter an estimate of your 1990 itemized deductions. These include: qualifying home mortgage interest, 10% of personal interest, charitable contributions, state and local taxes (but not sales taxes), medical expenses in excess of 7.5% of your income, and miscellaneous deductions (most miscellaneous deductions are now deductible only in excess of 2% of your income) . . . . . 1 $ ______

2 Enter: { $5,450 if married filing jointly or qualifying widow(er) / $4,750 if head of household / $3,250 if single / $2,725 if married filing separately } . . . . . 2 $ ______

3 **Subtract** line 2 from line 1. If line 2 is greater than line 1, enter zero . . . . . 3 $ ______

4 Enter an estimate of your 1990 adjustments to income. These include alimony paid and deductible IRA contributions . . 4 $ ______

5 **Add** lines 3 and 4 and enter the total . . . . . 5 $ ______

6 Enter an estimate of your 1990 nonwage income (such as dividends or interest income) . . . . . 6 $ ______

7 **Subtract** line 6 from line 5. Enter the result, but not less than zero . . . . . 7 $ ______

8 **Divide** the amount on line 7 by $2,000 and enter the result here. Drop any fraction . . . . . 8 ______

9 Enter the number from Personal Allowances Worksheet, line G, on page 1 . . . . . 9 ______

10 **Add** lines 8 and 9 and enter the total here. If you plan to use the Two-Earner/Two-Job Worksheet, also enter the total on line 1, below. Otherwise, **stop here** and enter this total on Form W-4, line 4 on page 1 . . . . 10 ______

Two-Earner/Two-Job Worksheet

Note: *Use this worksheet only if the instructions at line G on page 1 direct you here.*

1 Enter the number from line G on page 1 (or from line 10 above if you used the Deductions and Adjustments Worksheet) . 1 ______

2 Find the number in **Table 1** below that applies to the **LOWEST** paying job and enter it here . . . . . 2 ______

3 If line 1 is **GREATER THAN OR EQUAL TO** line 2, subtract line 2 from line 1. Enter the result here (if zero, enter "0") and on Form W-4, line 4, on page 1. **DO NOT** use the rest of this worksheet . . . . . 3 ______

Note: *If line 1 is* ***LESS THAN*** *line 2, enter "0" on Form W-4, line 4, on page 1. Complete lines 4–9 to calculate the additional dollar withholding necessary to avoid a year-end tax bill.*

4 Enter the number from line 2 of this worksheet . . . . . 4 ______

5 Enter the number from line 1 of this worksheet . . . . . 5 ______

6 **Subtract** line 5 from line 4 . . . . . 6 ______

7 Find the amount in **Table 2** below that applies to the **HIGHEST** paying job and enter it here . . . . . 7 $ ______

8 **Multiply** line 7 by line 6 and enter the result here. This is the additional annual withholding amount needed 8 $ ______

9 Divide line 8 by the number of pay periods each year. (For example, divide by 26 if you are paid every other week.) Enter the result here and on Form W-4, line 5, page 1. This is the additional amount to be withheld from each paycheck . . . 9 $ ______

Table 1: Two-Earner/Two-Job Worksheet

Married Filing Jointly		All Others	
If wages from **LOWEST** paying job are—	Enter on line 2 above	If wages from **LOWEST** paying job are—	Enter on line 2 above
0 - $4,000	0	0 - $4,000	0
4,001 - 8,000	1	4,001 - 8,000	1
8,001 - 19,000	2	8,001 - 14,000	2
19,001 - 23,000	3	14,001 - 16,000	3
23,001 - 25,000	4	16,001 - 21,000	4
25,001 - 27,000	5	21,001 and over	5
27,001 - 29,000	6		
29,001 - 35,000	7		
35,001 - 41,000	8		
41,001 - 46,000	9		
46,001 and over	10		

Table 2: Two-Earner/Two-Job Worksheet

Married Filing Jointly		All Others	
If wages from **HIGHEST** paying job are—	Enter on line 7 above	If wages from **HIGHEST** paying job are—	Enter on line 7 above
0 - $44,000	$310	0 - $25,000	$310
44,001 - 90,000	570	25,001 - 52,000	570
90,001 and over	680	52,001 and over	680

Privacy Act and Paperwork Reduction Act Notice.—We ask for this information to carry out the Internal Revenue laws of the United States. We may give the information to the Department of Justice for civil or criminal litigation and to cities, states, and the District of Columbia for use in administering their tax laws. You are required to give this information to your employer.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping** 46 min., **Learning about the law or the form** 10 min., **Preparing the form** 70 min. If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to the **Internal Revenue Service**, Washington, DC 20224, Attn: IRS Reports Clearance Officer, T:FP; or the **Office of Management and Budget**, Paperwork Reduction Project (1545-0010), Washington, DC 20503.

★U.S.GPO 1989-0-245-064

Instructions for Form IL-W-4

- Generally, you are subject to Illinois withholding on any pay you receive as an employee from an employer. However, the amount actually withheld from your pay will depend in part on the number of withholding allowances you claim on this form. After you have completed this form, **give it to your employer**. Keep the worksheet.

General Instructions

1. Illinois withholding allowances. Withholding allowances give you the limited ability to reduce the amount withheld from your pay for Illinois income tax.

2. Underwithholding. If the amount withheld from your pay is not enough to cover your tax liability for the year, you will be "underwithheld" for the year. If you can reasonably estimate that your underwithholding will be more than $250 (because, for example, you have substantial nonwage income), you should do one of two things—either have your employer withhold more from your pay or, in addition to your withholding, make quarterly payments of estimated tax (see Form IL-1040-ES).

3. Overwithholding If the amount withheld from your pay is more than enough to cover your tax liability, you will be "overwithheld" for the year. If you can reasonably estimate that your overwithholding will be large, you should complete a new Form IL-W-4 to determine if you may legally increase the number of your Illinois withholding allowances. Many people, for example, neglect to increase their allowances when a child is added to the household. As a result, they have too much withheld from their pay.

4. Filing a new IL-W-4. You may file a new IL-W-4 at any time if the number of your withholding allowances increases.

You **must** file a new IL-W-4 within 10 days if the number of your previously claimed allowances decreases. However, the death of a spouse or a dependent does not affect your withholding allowances until the next taxable year.

5. Penalties. Penalties are imposed for willfully supplying false information affecting your withholding allowances.

6. If you need additional assistance. If you have questions about this form, please write us at P.O. Box 19044, Springfield, Illinois 62794-9044. If you prefer, you may call. From within Illinois, call toll-free 1 800 732-8866. From elsewhere, call 1 217 782-3336.

How to Complete Form IL-W-4

First, complete the worksheet—even if you checked line 6c (exemption from federal withholding) on your U.S. W-4. Due to changes in federal tax law, you may be required to have Illinois tax withheld from your pay even though you are not subject to withholding for federal tax. Then, fill in your social security number, name, address, and the number of withholding allowances you are claiming. Finally, sign the form and give it to your employer. Note: You should complete items E and F of the worksheet only if you are entitled to the allowances on item E.

Specific Instructions

Item E -Enter the amount you expect to deduct as "Adjustments to Income" on your U.S. 1040 plus the amount of Illinois real estate taxes you expect to subtract on your IL-1040. That is, ADD the following items (as defined or described on U.S. Form W-4):

- qualified alimony payments
- qualified contributions to IRA's and Keogh plans
- qualified reimbursed employee business expenses
- deductible business and investment losses
- penalty on early withdrawal of savings

PLUS

- Illinois real estate taxes you expect to deduct on your IL-1040.

Item H -You do **not** have to claim all your withholding allowances.

You may wish to reduce your Illinois withholding allowances if, for example, you have nonwage income you expect to report on your U.S. 1040 (other than income from U.S. government securities), or if you have income from state and local government securities you expect to report on your IL-1040. If you wish to reduce your allowances for these items, divide your expected income from these sources by $1000 and subtract that number from item G.

Worksheet to Figure Your Illinois Withholding Allowances

Personal Exemptions -You are allowed one exemption for each member of your immediate household. NOTE: Due to recent changes in federal tax law, you may no longer claim additional exemptions if you are blind or age 65 or older.

A Yourself A ☐

B Spouse B ☐

C Dependents (other than spouse) C ☐

D Total personal exemptions* —Add items A through C D ☐

E Estimated "Adjustments to Income" plus estimated Illinois real estate tax subtraction $ ☐

F Divide item E by $1000 and round to the nearest whole number F ☐

G Add items D and F G ☐

H Total number of allowances you are claiming* —To claim all of your Illinois allowances, enter the number shown in item G. If you choose to reduce the number of your Illinois allowances for purposes of withholding Illinois income tax, enter a lesser number (see instructions). **Enter the number from item H on your IL-W-4.** H ☐

*If you have more than one job or if your spouse works, you may claim all of your allowances on one job or you may claim some on each job, but you may NOT claim the same allowances more than once. Your withholding will usually be more accurate if you claim all allowances on the IL-W-4 for the job with the largest wages and claim zero on all other IL-W-4's.

Illinois Department of Revenue

IL-W-4 (R-1/87)

Employee's Illinois Withholding Allowance Certificate

Social security number

This form is authorized as outlined by the Illinois Income Tax Act. Disclosure of this information is REQUIRED. Failure to provide information could result in a penalty. This form has been approved by the Forms Management Center. IL-492-0039

Full name

Street address

City, state, ZIP code

Employer: Keep this certificate with your records. If you have referred the employee's federal certificate to IRS and IRS has notified you to disregard it, you may also be required to disregard this certificate. Furthermore, even if you are not required to refer the employee's federal certificate to IRS, you may still be required to refer this certificate to the Illinois Department of Revenue for inspection. See Illinois Income Tax Regulations 86 Ill. Adm. Code 100.7200.

Enter the total number of allowances you are claiming (from the worksheet above) ☐

I certify that I am entitled to the number of withholding allowances claimed on this certificate.

X ____________________
Signature

____
Date

TESTIMONY

DOMESTIC MARKETING, CONSUMER RELATIONS, AND NUTRITION SUBCOMMITTEE OF THE COMMITTEE ON AGRICULTURE

U.S. HOUSE OF REPRESENTATIVES

INTRODUCTION

I am Trudy Marshall Robards Program Specialist with the Kentucky Task Force on Hunger (KTFH). KTFH, a program of the Kentucky Council of Churches, is a statewide anti-hunger coalition. KTFH's main goal is to develop and implement strategies to eradicate hunger and poverty across the Commonwealth by working in partnership with low-income people and advocates. A long term goal of the Task Force is to overcome the injustice which the poor and racial minorities continue to face. KTFH will attempt to change systems where there is demonstrable oppression of or discrimination against persons or groups on the basis of race, sex, and/or economic status. Another long term goal is to empower grassroot groups offering opportunities for self-development.

PURPOSE OF TESTIMONY

The state of Kentucky started automating the Food Stamp Program in 1982 and completed the process in 1987. As an advocacy group we were involved in all phrases of the state's work when automating the Food Stamp Program. Since final implementation, KTFH has been monitoring the automated program. The Task Force has been developing plans to formally monitor the system in late summer or early fall of this year. I want to thank the Subcommittee for allowing me to share some history about the process, actual client problems, program problems, and recommendations.

HISTORY

At a press conference Governor John Y. Brown announced the developed of the Kentucky Automated Certification and Issuance System (KACIS) for the Food Stamp Program on December 10, 1982. He listed the advantages as:

*client service in local offices will be improved

*theft, fraud, trafficking and counterfeiting will be reduced

*administrative errors will be reduced, making Kentucky less subject to federal penalties *printing costs will be reduced

*staff will have less paperwork.

The Department for Social Insurance, Cabinet for Human Resources (DSI, CHR) was responsible for the development and implementation of KACIS.

Governor Brown stated that Kentucky had applied for a federal matching grant to help fund the new system, which was expected to be approved and fully operative by December 1983. He, also, stated that a series of public hearings on the project would be held in January 1983.

KACIS included automating the certification and issuance portions of the Food Stamp Program. Because of many problems USDA never approved the issuance portion of KACIS.

In 1986, Kentucky cancelled EDS's contract for failure to get the system running according to the contract's specifications. EDS sued the state and the state counter sued. An agreement was reached between the state and EDS. The state paid EDS $6 million for the software. EDS helped to set up the system. DSI would access Kentucky's main frame computer instead of having its own computer as in the original plan.

The system's name was changed to Kentucky Automated Management Eligiblity System (KAMES).

All 120 counties were automated by September 1987. DSI decided to stagger putting recertifications on the system.

Program Problems

1. During the beginning phase of this process, KTFH staff asked to review EDS's proposal. We were refused that proposal because of the Trade Secrets Act.

Solution: Our attorney wrote a letter to USDA requesting the information under the Freedom of Information Act. We were given some information but still were not given sections which were technical in nature.

2. Federal regulation state that any individual who ask for a food stamp application shall be given one. With implementation of KAMES, food stamp applications are entered directly into the system by the food stamp worker. Consequently, people who call or walk in for an application are told they must come to the office. Folks who walk into the office are told they have to wait for a worker to become available. If a person waited, the worker entered the first 4 screens of the on-line application and scheduled an appointment for a later date.

Solution: KTFH pressed DSI to develop a one page application form to give folks who walk in for an application and who cannot wait to see a worker, and to send to folks who call or write for an application.

3. Community groups are no longer allowed to have hard copies of the application in hand.

Solution: DSI developed a one page fact sheet about KAMES. Community groups can request a supply of the fact sheets.

It is possible that a person on their lunch hour could walk in to the local food stamp office to request a food stamp application. If the person is told to wait, he or she may not be able to wait for a worker to become available. That person may not return to the office to try again. We do know that some DSI workers do not use the form developed for that person. When I requested the form be sent to a client, I was told that I didn't understand the purpose of the form. It is extremely important that the system is simple enough to encourage people to apply for food stamps and not discourage people from applying.

PARTICIPANT PROBLEMS

1. The system like all computer systems sometimes does not work. When clients contact workers during a down time, they are told to wait, come back or call again.

2. Incorrect information has been obtained through IEVS. The incorrect information causes participant food stamps to be reduced or terminated. One client had to write to the American Capital Companies requesting that they verify that her husband did not have mutual funds. The family was without food stamps for 5 weeks. However, she had to request a fair hearing in order to be able to reapply for benefits.

3. Computations are sometimes incorrect. We have not been able to determine if this is due to "system error" or "worker error". Some clients have been terminated from the program. One family of six had been terminated because the system counted her income twice. After the client requested a hearing, the worker worked three days attempting to locate the error. When it was finally located, the worker corrected the mistake, but it took the system another 15 days to correct it. Can you imagine what it was like for a low-income parent to try to feed a family of six without some food stamp assistance?

4. The system can not always override existing information when it should be changed. A father with 3 children had been certified from August 1989 through October 1989. In late August children started living with Mother because father was put in jail. Mother applied for food stamps. The worker told her the children were on the father's case;therefore, she could not remove them from his case and add them to her. She was subsequent denied food stamps because her gross income exceeded the limit. Mother requested a a fair hearing and won, but in the mean time had no food stamps.

5. Participants often do not receive notices about recertification. The result of this is some clients have been terminated from the program. Folks found out the reason for termination after they called their workers to find out why they didn't receive their stamps.

The system can create large problems for the clients and administrative headaches for the workers. The system must be able to handle all kinds of situations. When children are hungry they can not wait until the computer is ready to work.

RECOMMENDATIONS

1. States must approach automation on a slow time frame.

2. States must conduct a long test, from 1 to 2 years, in a few counties.

3. States must conduct a detailed analysis after the testing and be ready to make the necessary changes.

4. States must be willing to include advocates and clients' groups in the process.

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CONGRESSIONAL CAUCUS FOR WOMEN'S ISSUES, CO-CHAIR

TESTIMONY
by
U.S. REPRESENTATIVE PATRICIA SCHROEDER (D-Colo)
SUBMITTED TO THE
SUBCOMMITTEE ON DOMESTIC MARKETING, CONSUMER RELATIONS
AND NUTRITION
March 13, 1990

Mr. Chairman, I would like to thank the Subcommittee for allowing me to submit comments from a recent meeting in my Denver office concerning the reauthorization of the food stamp program.

The meeting in Denver took place on February 10th with service organizations that represent people who use food stamps and agency administrators. They include: Catholic Community Services, SHARE (Self Help and Resource Exchange), AIDS Lobby for Better Livng, Menonite Urban Ministry, Colorado Department of Social Services, Colorado Coalition for the Homeless, and the Colorado AIDS Project.

I would like to summarize some of the shared opinions that were expressed at this meeting and ask that they be included in the record of testimony.

- Allow health care and hygiene products to be purchased with food stamps.
- Create a better uniformity in determining eligibility for AFDC and food stamps.
- End pro-ration of benefits at recertification.
- End the requirement of states to implement annual cost of living adjustments any earlier than the first of the month.
- Reform the food stamp quality control system.
- Reform the alien verification program. Alien status should be verified only if an applicant can't provide an INS document or one that is questionable.
- Raise the basic benefit level to meet the 1990's cost of food.
- Repeal the combined issuance of first and second months benefits.
- Raise the age limit where income of children living at home is counted against the parent(s). Age limit is now 18.
- Establish Electronic Benefit Transfer (EBT) cards instead of coupons.

- Expand the federal reimbursement administrative expenses from 50% to 75%
- Lower the barriers of participation.
- Eliminate fluctuating food stamp payments because of rent changes, C.O.L.A.s, the number of roommates, temporary work or income, etc.
- Modify the rules of deduction and exclusions from income.
- Exclude social security pass plans as income.
- Respond to the needs of low income families facing hunger by recognizing that rapidly rising shelter costs are depleting family budgets.
- Make the food stamp program more accessible to poor households, especially those in rural areas.
- Increase the minimum level for actionable claims to $50.
- Reduce the delay of getting food stamps after application is completed.
- Require that USDA conduct outreach for the elderly.
- Remove the cap since a gross income limit was established in 1981.
- Increase the allowance for housing costs in the eligibility process.

I hope that the subcommittee will take into consideration these opinions that I have submitted since they are direct concerns from organizations that represent people who use food stamps and agency administrators. They operate where the food stamp rubber meets the road.